NOMINATIONS OF LEE M. THOMAS, ROBERT A. JANTZEN, AND CARLOS C. CAMPBELL

HEARINGS

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF LEE M. THOMAS TO BE ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS, FEDERAL EMERGENCY MANAGEMENT AGENCY, ROBERT A. JANTZEN TO BE DIRECTOR, FISH AND WILDLIFE SERVICE, AND CARLOS C. CAMPBELL TO BE ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT

SEPTEMBER 22 AND OCTOBER 27, 1981

SERIAL NO. 97-H28

Printed for the use of the Committee on Environment and Public Works

U.S. GOVERNMENT PRINTING OFFICE

87-298 O WASHINGTON : 1981

5321-6

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NOMINATION OF LEE M. THOMAS

TUESDAY, SEPTEMBER 22, 1981

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met at 10:05 a.m., in room 4200, Dirksen Senate Office Building, Hon. Robert Stafford (chairman of the committee) presiding.

Present: Senators Stafford and Randolph.

Senator STAFFORD. The Committee on Environment and Public Works will come to order.

This morning the committee is to hear and hold a confirmation hearing with respect to Mr. Lee M. Thomas, to be State and Local Program Director of FEMA.

I have had the pleasure of talking with Mr. Thomas in my office, and I am reasonably certain that you have had that same opportunity, Senator Randolph.

Senator RANDOLPH. Yes, that is true, Mr. Chairman.

Senator STAFFORD. We are honored that Senator Thurmond is here in the room. The Chair earlier proposed, in fact provided, that, Senator Thurmond, if you wished to introduce the present witness, you would have your statement placed in the record before the witness appeared. We are very happy you are here, sir.

STATEMENT OF HON. STROM THURMOND, U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

Senator THURMOND. Thank you very much, Mr. Chairman and Senator Randolph.

Mr. Chairman, it is a pleasure to be here with you this morning to introduce to the committee Mr. Lee Thomas of Ridgeway, S.C., who has been nominated by the President to serve as the Associate Director for State and Local Programs and Support at the Federal Emergency Management Agency.

Mr. Thomas has had a distinguished career as an administrator and as a capable and dedicated public servant. He received his bachelor of arts degree from the University of the South, Sewanee, Tenn., and has a master's in education from the University of South Carolina. Additionally, Mr. Thomas did postgraduate work in psychology while at South Carolina.

Before his nomination to be Associate Director for State and Local Programs and Support at FEMA, Mr. Thomas as director of the division of public safety programs in the office of the Governor

of South Carolina. His responsibilities included coordination of all emergency management activities for the Governor as well as liaison with public safety agencies at the State and local level. He was also responsible for the direction of the public safety planning and coordination functions in the State.

During this period Mr. Thomas served as chairman of the Governor's Task Force on Emergency Response Capabilities in Support of Fixed Nuclear Facilities. In this capacity he directed an assessment of all State agencies and increased the ability of local governments to respond to an emergency at fixed nuclear facilities and other nuclear sites in the State.

Earlier Mr. Thomas was an independent consultant in criminal justice planning and management for 2 years. This included criminal justice agency operations and analysis, plan development, project management, and management analysis. Prior to that, he was executive director, office of criminal justice programs, in the office of the Governor of South Carolina.

Mr. Thomas has also served as director of the comprehensive offender rehabilitation program for South Carolina, and recently completed his second consecutive term as chairman of the National Criminal Justice Association. He was also a councilman on the Ridgeway, S.C., town council.

Mr. Chairman, Lee M. Thomas has had an outstanding career of service to his State and community. With his firm commitment to public service, he will undoubtedly carry out the duties entrusted to him as associate director with diligence and dedication. It is a great pleasure for me to endorse Mr. Thomas for the position of Associate Director for State and Local Programs and Support of the Federal Emergency Management Agency.

I feel safe he will fulfill well the trusts given to him. I wish to thank the committee for its consideration.

Senator STAFFORD. We thank you very much, Senator Thurmond, for your presence here. What you have said carries great weight with this committee, as always.

Senator THURMOND. Thank you, Senator.

Senator RANDOLPH. May I add my appreciation also to Senator Thurmond for his endorsement of Mr. Thomas.

Senator STAFFORD. With no further ado, we would invite you, Mr. Thomas, to make whatever statement you wish to the committee. Any material supporting your nomination, and the text of a written statement we have, we will make a part of the record.

STATEMENT OF LEE M. THOMAS, NOMINEE FOR ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS AND SUPPORT, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. THOMAS. Thank you, Mr. Chairman. You do have the statement, which I have provided the committee, as well as a biographical sketch. I thought this morning I would just make a few comments to kind of summarize that statement and then be available to answer any questions you might have.

As you know, I am Lee Thomas. I am the nominee for the State and Local Programs and Support of the Federal Emergency Manage-

ment Agency. It is really an honor for me to be here and to be nominated for that position.

I recognize, and particularly after talking with a number of the Senators of this committee, the responsibilities that are contained in that position. I look forward to it and to its challenges.

I feel like my experience, which you have on my biographical sketch, and most recently my experience as the public safety programs director in South Carolina, applies directly to the responsibilities I will have with this agency.

A number of the programs under the Federal Emergency Management Agency are of particular concern to this committee. Specifically, under State and Local Programs and Support we have responsibility for coordinating and managing the field operation of FEMA. In that regard, we have the authority through delegation from the Director to carry out a number of activities. They include, for instance, the management of the disaster assistance programs authorized under the Disaster Relief Act which this committee has oversight responsibility for.

In that regard, I feel it is most important in the reauthorization hearings that you have had and the process that is underway on the Disaster Relief Act that we look at that act. It is basically a good, strong act. It needs some modifications, and I have had an opportunity to talk with you and your staff members about those modifications. I feel it also needs some good, strong management. This will be a challenge for me, and I look forward to it.

Additionally, under our civil defense program and emergency management responsibilities we have a number of programs at the State and local level that relate to civil defense and our civil preparedness of our Nation. In that regard, we also through dual-use provisions of that program work with State and local government to insure their capability to respond to any peacetime disaster. We have responsibility for working with local government and State agencies to insure off-site preparedness around nuclear facilities—to ensure off-site preparedness around nuclear facilities—both Department of Defense, commercial nuclear facilities as well as Department of Energy facilities; an area which I have had experience in and I feel I will be able to provide input and guidance to the agency as we carry out those responsibilities.

Finally, I will have responsibility in State and local programs for FEMA of coordinating the Federal response to support State and local agencies when there is an emergency or disaster. It is an area I had a good bit of experience in and one that I find very rewarding.

We at the Federal level I believe have the responsibility to supplement and support State and local governments in their response to emergencies and disasters. Through our ability to coordinate volunteer agency efforts, and the efforts of all Federal agencies we can can provide substantial assistance to State and local government.

I look forward to working with you. I look forward to the challenges of this job. I would be prepared now to answer any questions you may have.

Senator STAFFORD. Thank you very much, Mr. Thomas. I do have a few questions for the record.

Do you have any financial or other outside interests that could lead to a conflict of interest with your responsibilities as Associate

Director of the Federal Emergency Management Agency? I should expand that to say do you or members of your family?

Mr. THOMAS. No, sir.

Senator STAFFORD. Would you have any hesitation in appearing in front of any committee of the Congress that invited you to come as a witness?

Mr. THOMAS. No, sir.

Senator STAFFORD. As you may know, the Disaster Relief Act of 1974 was the product of this committee. It was developed by then Chairman Randolph and subcommittee chairman Quentin Burdick. Over the years the committee has enjoyed a good working relationship with officials who manage the disaster relief program. Will you work closely with the committee in a cooperative spirit and meet with the committee when requested?

Mr. THOMAS. Yes, sir. I look forward to it.

Senator STAFFORD. Last week the administration transmitted to the Congress a package of recommended changes to the Disaster Relief Act. These followed two proposed amendments admitted earlier this year. If enacted, how would they affect expenditures? That is, would they effect budgetary savings in future disasters?

Mr. THOMAS. We feel they would, particularly with the proposals that relate to cost-sharing on the part of State and local government, as well as some of the proposals that relate to tightening down management and administration of the program.

Senator STAFFORD. Of the proposed amendments, would any reduce unnecessary regulations or excessive paperwork?

Mr. THOMAS. Yes, sir. We have several that are directly aimed at reducing the amount of paperwork required. Additionally, we have underway several projects through the administrative process aimed at that same goal.

Senator STAFFORD. As you know, last year disaster relief funds were utilized for the resettlement of Cuban refugees. Concern was expressed that this would set a precedent for expansion of the Disaster Relief Act to cover social as well as natural disasters and that some officials in FEMA encourage such a broadening of the act. What is your judgment and what criteria will you use to evaluate whether to recommend disaster relief to the President?

Mr. THOMAS. I basically have been in a number of discussions concerning that particular subject, both with staff members of your committee Senators, as well as members of the staff of FEMA. It is truly a dilemma to try and define within the law, within the statute, the very narrow definition of a disaster and thereby tie the hands of the administration and their ability to respond when there is true need.

I do feel, though, that the act as it now stands provides the basic criteria, the basic philosophy by which we should respond to natural disasters and to such other disasters where there may be consequences similar to those of a natural disaster. I would intend to follow the basic line of the act as closely as possible.

Senator STAFFORD. Have you spoken with administration officials in OMB or the White House about using the President's disaster relief fund for other social problems? And if you can comment, what is their attitude?

Mr. THOMAS. I have not personally spoken with individuals in OMB concerning that problem. The overall position of the administration is that we should follow the language of the act as closely as possible. We should insure that there truly is a need that meets the requirements of the act when we provide assistance. That is the direction I intend to follow.

Senator STAFFORD. Previously there was an Associate Director with responsibilities solely for disaster relief. Under the reorganization, it has been folded in with other FEMA activities. Can you assure the committee that disaster relief, which I am told represents roughly 40 percent of total agency expenditures, will not be degraded within the agency by eliminating the position of Associate Director for Response and Recovery?

Mr. THOMAS. Yes, sir, I can assure you. Under my organization I have a major unit responsible for disaster assistance programs with the Director. I am directly involved in directing the operations of the disaster assistance programs under the authority delegated to me by the Director of the Agency. So I can assure you it will not be relegated to a minor position or to any lesser position than it held previously.

Senator STAFFORD. Thank you very much, Mr. Thomas. I have a series of questions, not really lengthy, on behalf of Senator Simpson in the nuclear field and on behalf of Senator Gorton. There are two sets from Senator Gorton. I am going to ask that you respond to those in writing as promptly as possible so we can expedite a vote on your confirmation.

Mr. THOMAS. That would be fine. (See pp. 16 and 18.)

Senator STAFFORD. Having said that, I understand that the ranking member, Senator Randolph, has one or two brief questions. Senator Randolph?

Senator RANDOLPH. Thank you, Mr. Chairman. Ordinarily I would not want to continue the questioning with the able Senator from South Carolina present. I do think, though, that he can continue to bask for a few minutes in the glorious nomination that his committee carried to the Senate and received a unanimous vote on.

I notice he is not listening to what I have to say, but it will be seen in the record.

I have, as you have known earlier, a commitment to the Veterans' Committee which I must meet.

Senator STAFFORD. Yes.

Senator RANDOLPH. So we will move very quickly with the one, possibly two, questions, Mr. Thomas, that I will direct to you.

First of all, Mr. Thomas, I am going to be prepared, if someone else does not do it, to move that the committee favorably report your nomination. If you want to take that now.

Senator STAFFORD. The Chair would accept that nomination right now and then we will vote as soon as we can have an official committee meeting.

Senator RANDOLPH. I thank you.

Mr. Thomas, I don't believe in disaster relief legislation being a catchall. I think you understand exactly what I mean. I was strongly against the use of the act in connection with the placement of the

Cuban refugees. I do not presume to speak for anyone else on the committee, but since it is a matter of record, I will place it in the record that Senator Burdick also has taken the same position that I took.

I am not asking you to comment on that today. It is not important to do it. But if we allow the Committee on Environment and Public Works to move over into the social programs, the dislocations that take place in certain situations where we have not had a physical disaster but move into the social disasters, which are very real and understandable, to start with, we are violating, as I understand it, the jurisdiction of this committee. I feel that very strongly. I will not continue to discuss it, but I think you can give a yes or no to whether you feel that we are to be a catchall through this committee on legislation that has to do with physical disasters and the results that follow from them.

Mr. THOMAS. Yes, sir, I understand, and I agree with what you are saying.

Senator RANDOLPH. Thank you very much.

I know that you have studied the history of this committee in reference to attempting to cope with disaster problems. Is that correct?

Mr. THOMAS. Yes, sir.

Senator RANDOLPH. You know we worked and worked and worked and finally we drafted, in 1972, what we thought was a broadly based program that could cause us to stop asking the Senate for money to be sent to a certain locality where the impact of disasters had been wrought. That is what we really did. We met and we just tried, and sometimes did it, as our chairman will remember, from the floor itself, with members of this committee participating.

Then we really tried to place upon the shelf a measure which very quickly could be reaching its hand to the Congress and know exactly how and when and where to use that money. You understand that?

Mr. THOMAS. Yes, sir.

Senator RANDOLPH. That doesn't mean that the act of 1972 was an act that shouldn't be reviewed and cannot be improved. But I would like you to just very quickly tell us whether you believe that in the present structure of that act it is a workable statute.

Mr. THOMAS. I feel the present structure of the act is a workable statute. I think it is a good statute and I think there is only some maybe we can call it fine tuning that could be done. We submitted some possible provisions. I think overall it is a good construction and a very good act.

Senator RANDOLPH. We do give the President, do we not, the opportunity to declare himself; on major disasters under the act, isn't that right?

Mr. THOMAS. Yes, sir.

Senator RANDOLPH. So do you think that perhaps we need to be a little more specific and set forth the criteria perhaps for disaster declaration?

Mr. THOMAS. Personally, I don't think you do need to do that, Senator. I feel that the current act and its structure is sufficient. It may be that we need to go through an administrative process and more clearly define the criteria for disasters. But I feel the act as it is written is a good act.

Senator RANDOLPH. Mr. Chairman, again not out of pleasantry but very factually I say that seldom have we had the opportunity to have a nominee sit at that table who has been more articulate, who understands the job for which he has been nominated by the President and is ready to go to work.

Senator STAFFORD. Thank you very much, Senator Randolph. Thank you, Mr. Thomas.

If there is no further committee business at this time, the committee will stand adjourned until 10 tomorrow morning.

[Whereupon, at 10:43 a.m., the committee was recessed, to reconvene at the call of the Chair.

[Mr. Thomas' prepared statement, biography, and responses to written questions follow:]

STATEMENT BY

LEE M. THOMAS

ASSOCIATE DIRECTOR DESIGNATE
STATE AND LOCAL PROGRAMS AND SUPPORT
FEDERAL EMERGENCY MANAGEMENT AGENCY

BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

SEPTEMBER 22, 1981

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM LEE THOMAS, THE PRESIDENT'S NOMINEE FOR THE POSITION OF ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS AND SUPPORT OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY. I HAVE A BRIEF PREPARED STATEMENT WHICH DEALS WITH THE MISSION OF THE OFFICE FOR WHICH I HAVE BEEN NOMINATED AND MY VIEWS OF AREAS WHICH SHOULD RECEIVE PRIORITY ATTENTION.

I AM HONORED TO HAVE BEEN SELECTED FOR THIS POSITION AND RECOGNIZE ITS RESPONSIBILITIES AND LOOK FORWARD TO ITS CHALLENGES.

I BELIEVE MY RECENT RESPONSIBILITIES AS DIRECTOR OF THE DIVISION OF PUBLIC SAFETY PROGRAMS IN THE GOVERNOR'S OFFICE IN SOUTH CAROLINA WILL ENABLE ME TO BRING A NEW PERSPECTIVE TO THE AGENCY.

The State and Local Programs and Support (SLPS) mission of the Agency correlates closely with the concept of the Federal Emergency Management Agency (FEMA). As FEMA constitutes a focal point for all related Federal emergency programs, SLPS further refines that focus to the critical concerns and requirements of State and local governments. In order to effectively carry out its mission, SLPS has an organizational structure which encourages the cooperation of other Federal agencies as well as the State and local governments.

The Associate Director of SLPS through Delegations of Authority is charged with the support of State and local governments in their emergency preparedness, mitigation, response and recovery efforts. These functions and responsibilities are based on a series of important statutory authorites, including the Disaster Relief Act of 1974, the Federal Civil Defense Act of 1950, the National Flood Insurance Act of 1968, as amended, the Flood Disaster Protection Act of 1973, the NRC Authorization Act of 1980, the "Superfund" Act for hazardous materials, and the Earthquake Hazards Reduction Act. These authorities are vested in the Director of FEMA by Reorganization Plan No. 3 of 1978 and Executive Orders 12127 and 12148.

Major programs areas which I believe would be of particular interest to the Committee are organized into four functional areas.

FIRST, THERE ARE NATURAL AND TECHNOLOGICAL HAZARDS PROGRAMS WHOSE PRIMARY PURPOSE IS TO ASSIST STATE AND LOCAL GOVERNMENT IN THEIR ABILITY TO PREPARE FOR AND RESPOND TO EMERGENCIES INCLUDING EARTHQUAKES, HURRICANES, FLOODS, TORNADOES, OR TECHNOLOGICAL HAZARDS SUCH AS THOSE INVOLVING RADIOLOGICAL OR OTHER HAZARDOUS MATERIALS. I AM PARTICULARLY INTERESTED IN PLACING A PRIORITY ON THE PROGRAMS IN THIS AREA. THE ASSISTANCE WHICH WE PROVIDE TO STATES AND LOCAL UNITS OF GOVERNMENT IN PREPARING FOR OR MITIGATING NATURAL AND TECHNOLOGICAL HAZARDS WILL SUBSTANTIALLY REDUCE THE NEED FOR DISASTER ASSISTANCE IN THE FUTURE. THIS IS PARTICULARLY TRUE IN THE AREAS OF FLOODPLAIN MANAGEMENT AND HURRICANE AND EARTHQUAKE PREPAREDNESS.

AN ADDITIONAL MANAGEMENT CONCERN IS THE AGENCY'S INTERFACE WITH THE NUCLEAR REGULATORY COMMISSION, DEPARTMENT OF DEFENSE AND DEPARTMENT OF ENERGY REGARDING OFF-SITE PREPAREDNESS AROUND NUCLEAR SITES. PRIORITY MUST BE GIVEN TO INSURING THAT THE SUPPORT REQUIRED BY STATE AND LOCAL GOVERNMENTS IN PREPARING FOR AND RESPONDING TO RADIOLOGICAL EMERGENCIES IS AVAILABLE.

THE SECOND AREA WHICH IS CLOSELY CORRELATED TO THE FIRST INCLUDES EMERGENCY MANAGEMENT PROGRAMS ASSIGNED TO ENHANCE STATE AND LOCAL GOVERNMENTS ABILITY TO PREPARE FOR AND RESPOND TO MAJOR CIVIL EMERGENCIES. THIS AREA WHICH INCLUDES THE AGENCY'S CIVIL DEFENSE PROGRAMS PROVIDES ASSISTANCE TO THESE

UNITS OF GOVERNMENT IN CRISIS MANAGEMENT, DISASTER WARNING, EMERGENCY PUBLIC INFORMATION, CONTINUITY OF STATE AND LOCAL GOVERNMENT, NUCLEAR ATTACK PREPAREDNESS FOR THE POPULATION AT LARGE, AND MANY OTHERS. IT IS PARTICULARLY IMPORTANT THAT EMPHASIS BE PLACED IN THIS AREA. THE ABILITY OF STATE AND LOCAL UNITS OF GOVERNMENT TO SUPPORT THE NATION'S CIVIL DEFENSE PROGRAM IS OF UTMOST IMPORTANCE. THE DUAL USE PROVISIONS OF THESE PROGRAMS ALSO PROVIDE THE BASIC FOUNDATION FOR EMERGENCY RESPONSE IN MANY COMMUNITIES.

THE THIRD FUNCTIONAL AREA, AND ONE WHICH IS OF MAJOR CONCERN TO THIS COMMITTEE, INCLUDES DISASTER ASSISTANCE PROGRAMS OF TWO PRINCIPAL FORMS. THE FIRST IS COORDINATION OF THE ENTIRE FEDERAL RESPONSE TO A MAJOR DISASTER AND THE SECOND IS THE DELIVERY OF DIRECT SERVICES OR FINANCIAL ASSISTANCE TO STATE AND LOCAL UNITS OF GOVERNMENT TO MEET DISASTER CAUSED NEEDS. AS YOU KNOW, THIS DIRECT DISASTER ASSISTANCE FALLS INTO TWO BROAD CATEGORIES: PUBLIC ASSISTANCE (AID TO THE STATE AND LOCAL GOVERNMENTS) AND INDIVIDUAL ASSISTANCE (AID FOR DISASTER VICTIMS AND THEIR FAMILIES). MITIGATION ASSISTANCE IS ALSO PROVIDED UNDER DISASTER ASSISTANCE PROGRAMS TO HELP ENSURE THE FUTURE SAFETY OF LIVES AND PROPERTY. IF I AM CONFIRMED, I INTEND TO GIVE ADDED MANAGEMENT ATTENTION TO THE AGENCY'S DISASTER ASSISTANCE PROGRAMS, PARTICULARLY THE PROCESS USED IN DECLARING A MAJOR DISASTER AND THE CRITERIA FOR DETERMINING ASSISTANCE TO BE MADE AVAILABLE.

ADDITIONALLY, I INTEND TO PLACE A MAJOR EMPHASIS ON PROVIDING A COORDINATED FEDERAL ASSISTANCE EFFORT TO STATES AND LOCAL UNITS OF GOVERNMENT FOLLOWING A MAJOR DISASTER TO DETERMINE THOSE ACTIONS WHICH CAN BE TAKEN TO LESSEN OR AVOID FUTURE OCCURRENCES.

THE FINAL FUNCTIONAL AREA OF PROGRAMS UNDER SLPS INCLUDES EMERGENCY OPERATIONS AND COORDINATION. OUR EFFORTS IN THIS AREA ARE LARGELY CONDUCTED AT THE FEDERAL LEVEL WITH ORGANIZATIONAL INTERFACE WITH STATE AND LOCAL AGENCIES AND INCLUDE THE MANAGEMENT AND COORDINATION OF THE FEDERAL RESPONSE TO MAJOR CIVIL EMERGENCIES. EMERGENCY OPERATIONS AND COORDINATION INCLUDES THE AGENCY'S EMERGENCY INFORMATION AND COORDINATION CENTER FOR THE COLLECTION AND DISSEMINATION OF INFORMATION FOR CENTRALIZED DIRECTION AND CONTROL, DIRECTION OF THE AGENCY'S RAPID RESPONSE UNITS, AND LIAISON WITH OTHER FEDERAL RESPONSE AGENCIES.

IN SUMMARY, THE SLPS UNIT OF FEMA ENCOMPASSES THOSE PROGRAMS WHICH PROVIDE ASSISTANCE TO STATE AND LOCAL GOVERNMENTS IN PREPARING FOR OR RESPONDING TO EMERGENCIES. THIS COMMITTEE HAS A PARTICULAR OVERSIGHT INTEREST IN A NUMBER OF THESE PROGRAMS AND I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Federal Emergency Management Agency

Washington, D.C. 20472

Lee M. Thomas, a native of South Carolina, has been nominated for the position of Associate Director for State and Local Programs and Support of the Federal Emergency Management Agency (FEMA).

This position is responsible for overseeing the agency's disaster response and recovery activities; population protection efforts, including natural and man-made disasters; regional and intergovernmental coordination; and the emergency information and coordination center.

Mr. Thomas' biographical sketch is attached.

87-298 O - 2

Federal Emergency Management Agency

Washington, D.C. 20472

BIOGRAPHICAL SKETCH

LEE M. THOMAS

Before Mr. Thomas' nomination to be Associate Director for State and Local Programs and Support at FEMA, he was Director of the Division of Public Safety Programs in the Office of the Governor of South Carolina. Mr. Thomas' responsibilities included coordination of all emergency management activities for the Governor, as well as liaison with public safety agencies at the state and local level. He was also responsible for the direction of the public safety planning and coordination functions in the state. The division included units for criminal justice, highway safety, comprehensive emergency management, and public safety grants.

During this period Mr. Thomas served as Chairman of the Governor's Task Force on Emergency Response Capabilities in Support of Fixed Nuclear Facilities. In this capacity, he directed an assessment of all state agencies and effected local governments' capabilities to respond to an emergency at fixed nuclear facilities and other nuclear sites in the state.

Under his direction, the Governor's Comprehensive Emergency Management Advisory Committee was established. This committee was given the responsibility for the development of state and local standards for emergency response capability for South Carolina.

During his tenure as Director of the Division of Public Safety Programs, Mr. Thomas served as the state's spokesman for emergency assistance efforts.

Earlier, Mr. Thomas was an independent consultant in criminal justice planning and management for two years. This included criminal justice agency operations and analysis, plan development, project management, and management analysis. Prior to that, he was Executive Director, Office of Criminal Justice Programs, in the Office of the Governor of South Carolina. He was responsible for the development of criminal justice plans for the state, administration of Law Enforcement Assistance Administration funds for criminal justice, and provision of staff support to the Governo and his Executive Staff in criminal justice matters.

Mr. Thomas has also served as Director of the Comprehensive Offender Rehabilitation Program for South Carolina.

Thomas recently completed his second consecutive term as chairman of the National Criminal Justice Association, and he was a councilman on the Ridgeway (S.C.) Town Council.

Thomas earned his Masters in Education from the University of South Carolina, where he also did post graduate work in psychology. He received his Bachelor of Arts degree in pyschology from the University of the South, Sewanee, Tennessee.

SENATOR SIMPSON - QUESTIONS FOR LEE THOMAS

Q. One of your principal responsibilities will be in the area of emergency planning for nuclear power reactors. What steps do you intend to take to ensure thorough yet timely review by FEMA of State and local emergency plans?

Answer:

As the Associate Director for State and Local Programs and Support I plan to take a personal interest in FEMA's obligations for high quality reviews and in meeting our commitments to the Nuclear Regulatory Commission. The FEMA process for preparedness reviews which is formalized in the FEMA interim rule 44 CFR Part 350 has been designed to guarantee high quality through formal plan reviews, public meetings to explain the plan, and a full scale joint exercise at each nuclear site. This process, culminated by a headquarters approval, contains the necessary quality control checks to assure appropriate preparedness. It is, however, a voluntary process; and FEMA cannot direct a State to provide an appropriate level of preparedness short of withholding approval.

As to timeliness, we have agreed with the Nuclear Regulatory Commission to submit findings on the status of plans on a schedule which will largely eliminate delays attendent to following the rule 44 CFR Part 350 process. Under this agreement FEMA will continue to approve State and local preparedness under its own rules with a schedule for exercises and public hearings which removes that aspect of the process from the critical path during NRC hearings.

Q. Does FEMA currently have sufficient personnel and resources to carry out its responsibilities in this area, and, if not,

Answer:

While FEMA does not have adequate full-time staff which can devote soley to Radiological Emergency Preparedness, we have initiated actions to meet our obligations to the program. Last month we reported that 69 staff months, an increase of 15 over the previous month were devoted to the program. In addition we are working with the Office of Management and Budget for additional assistance. An agreement with the Department of Energy for the use of Argonne National Laboratory staff (20 to 30 persons) was signed on September 22, 1981.

In addition, the recent FEMA reorganization provides additional opportunities for the cross-training of existing personnel to assist with the Radiological Emergency Preparedness program.

Q. In the most recent FEMA/NRC report to the Nuclear Regulation Subcommittee, FEMA has identified a number of instances of lack of cooperation by other Federal agencies in the Regional Assistance Committees. Is this still a problem?

Answer:

We see improved level of support, particularly from the Department of Energy. There remain some shortfalls related to the allocation of travel funds in several agencies.

Q. When do you expect to have completed the FEMA review and approval process for those State and local plans now pending before the agency?

Answer:

As of this date we have 20 State plans which are pending formal approval under FEMA's review process. We expect to complete these reviews by April 1, 1982.

QUESTIONS SUBMITTED BY SENATOR GORTON

(1) Congress is now considering the reauthorization of the Disaster Relief Act of 1974. Of great concern to the State of Washington is any attempt to amend Section 301 of the Act to require a 75-25 percent cost-sharing in all Federal, State, and local disaster costs. (This has been considered in the House.)

The Mount St. Helens disaster in Washington State has placed a tremendous financial burden on the State and local government entities to provide emergency services, to clean up affected areas, and to repair and replace damaged facilities. Because of the magnitude of the disaster and because of the strict interpretation of the 75-25 cost-sharing agreement between FEMA and Washington State, a heavy financial burden has been placed on Washington State.

I agree with the principle that Federal disaster funding should be supplementary to what States and local governments expend to help themselves. The question is -- what constitutes a reasonable amount of commitment? On some types of disasters and under certain circumstances, 25% might be appropriate but a catastrophic disaster could impose an impossible financial impact on a State. (As an example, if this provision was passed into law, Washington State would be required to pay nearly $125 million since Federal expenditures alone totaled nearly $500 million.)

Under present law, FEMA has the flexibility and authority to require a reasonable commitment by States and local governments.

a. What are your views on the mandatory 75-25 cost-sharing proposal?

Answer: I agree with the mandatory cost-sharing proposed in Senate Bill 1217 which requires 75% Federal - 25% State and local cost sharing on permanent restorative work and debris removal, but not on other emergency work, and only on assistance rendered under the Disaster Relief Act. S.1217 also reflects the Administration's proposal.

State and local commitment is currently required by Section 301(b) of the Disaster Relief Act. Securing this commitment has been difficult in application and inequitable among the States during the last seven years. The current cost sharing proposal, S.1217, establishes such a commitment on an equitable basis nationwide, assures that Federal assistance is supplemental (as required by the law), and removes the ad hoc application of this aspect of the law. It also provides an incentive to assure efficient allocation of both Federal and non-Federal resources.

b. Do you think that some flexibility should be written into the law to deal with unique disasters?

Answer: With respect to cost sharing, I believe S.1217 would be flexible enough without further modification to the law. S.1217 provides for an advance of the State share in those

cases where the State is financially unable to meet this commitment.

In addition, in situations which cause extraordinary impact, special legislation, including forgiveness, is always available to the Congress. Note that in no instance is disaster assistance delayed as the advance would become available immediately and the repayment issue settled at a later date.

(2) SENATOR SLADE GORTON QUESTIONS FOR LEE THOMAS

Within the borders of the State of Washington lie several Federal nuclear facilities ---- the Department of Energy has nuclear reactors and related facilities at Richland, Washington, and the Navy has nuclear powered ships and related nuclear facilities at Bremerton and Bangor, Washington. An accident at one of these sites could result in off-site contamination of Washington's citizens and would require the activation of Washington's emergency response plan for incidents at fixed nuclear facilities.

The local utilities with nuclear facilities have worked closely with the State to develop emergency response plans because they must have a successfully tested emergency response plan in place before the utility can be issued an operating license by the Nuclear Regulatory Commission. The State has had good response from the utilities because they know they have to pass a stringent review by NRC and FEMA.

The State has made repeated efforts to work with DOE and DOD in the same way they have worked with commercial utilities. The State ha asked these agencies for financial assistance in support of emergency plans which would be implemented in the event ofan accident with off-site exposure potential occurring at one of their sites. Both agencies have declined to support the State of Washington in this effort.

a. Is it fair that requirements for the Federal sites be any different than those required for the utilities?

Answer:

The requirements for off-site preparedness and the degree of risk vary among these facilities. While a basic need for Preparedness exists, the means for satisying the requirements differ.

There are significant differences in design, characteristics and functions between DOE and DOD nuclear facilities and commercial nuclear power plants. At each DOE/DOD facility there are extensive technical support staffs, often including the designers of the facility, for technical review and day-by-day oversight. The facilities are usually placed well within large Government-owned reservations.

b. Isn't it unrealistic to expect the States, in tight budget years, to pick up the cost of a plan and response for a facility that is under the control of the Federal government?

Answer:

The States' planning effort related to DOD and DOE nuclear facilities should not be as large as for nuclear power plants and can be accomplished with minimum additions to the resources already existing within the States for dealing with natural disasters. Where special expertise or resources are required they will be supplied by DOE/DOD or from the other Federal agencies which would respond to a nuclear emergency. DOE and DOD have in the past indicated that they would provide technical assistance and services to States to improve their preparedness and that they do not have Congressional authorization and appropriations for making direct grants for State or local emergency planning activity.

c. and d. Do you think the Federal government has a responsibility to provide financial assistance to a State to develop an emergency response plan for Federal nuclear facilities within that State's boundaries? Should FEMA provide this assistance?

Answer:

Although direct Federal funding of State and local radiological emergency planning associated with these facilities has not been provided, DOD, DOE and FEMA, have and will continue to provide assistance to the States that have such facilities within their borders to improve preparedness for responding to accidents. This assistance includes agreements to provide services, technical help and data to the State at the time of an emergency. It also includes help in developing and reviewing State and local plans, providing training for State and local officials, and making space available for State officials in the facility emergency control center.

While direct Federal funding of State emergency preparedness efforts around DOD or DOE nuclear facilities has not been authorized or appropriated by the Congress, there are other FEMA programs which can contribute to planning related to DOD and DOE nuclear facilities, such as the Emergency Management Assistance grants and Disaster Planning grants under the Disaster Relief Act of 1974. Also programs designed to support State Radiological Systems Maintenance and Radiological Defense Officer activities could be used for peacetime nuclear emergencies.

SENATOR BURDICK HAZARD MITIGATION

Q. As I understand it, States have been required to commit themselves to develop hazard mitigation plans in connection with the areas where the disaster has occurred within 90 days of the date of the disaster. Would you comment on how the States are doing in this area?

A. The preparation of hazard mitigation plans is a requirement of the Federal-State Agreement for most disasters. The plan is scheduled for submission within 180 days and our Regional staffs provide technical assistance to the State in the plan preparation. Most States have had difficulty in completing their plans within the time frame primarily because of the lack of qualified State personnel within their disaster program. The results of the plans have been varied because of the difference in the magnitude of disasters, type of disasters, and limitation of State governments to effect changes on local governments. The States are benefiting from the plans because they have developed an awareness within the States that measures are available to mitigate hazards. The ultimate benefit of these plans will not become apparent until future years.

FEMA recognizes that working with States in this area is important. We also recognize that we must continue to encourage that land use and construction practices or standards be taken to mitigate future State loss or possible Federal outlay for disaster related events.

Cuban Refugee Situation

Q. Last year this country saw a great influx of Cuban refugees into this country. South Florida was impacted significantly to the extent that State and local government was unable to cope with this social problem. The previous Administration declared this area a disaster and implemented provisions of the Disaster Relief Act. It has been my view as author of the current law that this statute is limited to natural, physical occurrences. Mr. Thomas, could you present the views of this Administration on such a social and economic problem?

A. I share your concerns that the provisions of the Disaster Relief Act should, generally, not be used to address social or economic problems. However, by the terms of the Act and its legislative history, its application does not appear to be limited to natural or physical occurrences and I would urge that its broad application to respond in crisis conditions to relieve hardship and suffering and protect public health and safety be retained.

In my view, it is doubtful that the President would exercise his authority under the Act in a situation similar to the 1980 influx of refugees. I understand that a Presidential Task Force on Immigration is now exploring a comprehensive method for national response to another influx, should one occur.

75/25 COST SHARING

Q. As you know, S.1217 provides that State and/or local jurisdictions bear 25 percent of the costs of public assistance projects. Assuming such procedures were adopted with a provision to waive all or a portion of the State share when it would be impossible for them to meet the requirement, do you agree or disagree with the appropriateness of that concept and why?

A. S. 1217 would add a new Section 420 which would provide for 75 percent cost sharing for assistance under Section 402 and 403 and 419, with the provision that where an applicant is unable financially to assume the 25 percent such funds could be advanced to the State and later repaid. This is consistent with the proposal as outlined in FEMA's letter of March 19, 1981, to the Speaker of the House. FEMA does not favor including a provision to waive all or a portion of the 25 percent State/local share.

Q. There have been complaints that a number of States take much too long to process the individual family grant checks once the disaster has occurred. According to the American Red Cross, after Hurricane Frederick in 1978, it took Alabama and Mississippi as long as eighteen months to complete the process involved in issuing grants. This excessive time delay is very distressing to the disaster victim. What do you suggest be done to encourage States to expedite their program delivery?

A. The major problem was the size of each disaster: Alabama received and processed over 21,000 applications (the largest program in this State prior to this was one-tenth the size), and Mississippi received over 11,000 applications and this was only their second program. It is true that Alabama and Mississippi took 21 and 18 months respectively to completely disburse all grants; however, it should be noted that this includes not only disbursement of grants but completing the full appeal process which requires additional time.

A review of the Alabama program shows that at six months from declaration the State had processed 50% of the applications received and disbursed 100% of the approved grants; at nine months, 70% had been processed and 90% of the approved grants had been disbursed. The number of grants processed per month averaged 1,043 for the life of the program.

A review of the Mississippi program shows that at six months the State had processed more than 80% of the applications received and disbursed 100% of the approved grants; at nine months 98% of the applications were processed and again 100% were disbursed. The number of grants processed per month averaged 756 for the life of the program.

A major delay in processing is caused by the Small Business Administration disaster loan program. An applicant must apply to SBA before assistance can be provided by the IFG Program. Therefore, States do not take action on a grant application until SBA has informed the State of the loan determination. This avoids duplication of benefits and recoupment of grant funds from applicants.

However, given the fact that the IFG Program is not a routine function of States, the size of each of these disasters produced a tremendous workload. In addition, initial delays in program implementation were caused by internal problems in both States in hiring additional staff and the destruction of office facilities in the areas. It is our opinion that both States are much better prepared to respond to future catastrophic disasters.

Since one of the major problems has been the reluctance of most States to exceed the 3% allowed for administrative support, the proposed change to Section 408(d) to increase that amount when States promptly complete all grants should provide the necessary incentive to expedite delivery of assistance.

Q. Could you explain why the states are willing to accept the limited home repair program when they pay 25% of the costs instead of opting for the minimal repair program where they are not required to cost share?

A. Generally speaking, states have objected to Limited Home Repairs (LHR) not only in light of their 25% contribution, but also because of time delays in processing "regular" IFG program assistance caused by the need to divert state resources to support LHR. States have agreed to implement LHR because it is well received by disaster victims who can contract for repairs by themselves, thus avoiding dependency on "government". This independent attitude is also beneficial to local businesses since the disaster victims deal directly with their normal providers of services.

Q. S. 1217 proposes to alter Section 404 (a) of PL-93-288. It would eliminate the one year rent free provision and substitute it for a program based on the financial ability of the occupant to pay all or a part of the cost for the temporary housing involved. I would appreciate your comments on this.

A. Prior to enactment of current individual assistance legislation, there was some feeling that disaster victims would have extra disaster-related expenses such as replacement of clothes, furniture, medical bills, and home repairs, and that a rent-free period could assist the family during the adjustment period. However, under Section 408 of P.L. 93-288, we now have a means whereby families can recieve assistance for such expenses. Experience with this rent-free provision reveals that we may be doing the family a disservice by allowing a period with no housing costs. The new provision would eliminate the "free" assistance, thus requiring the family to continue to budget and pay for housing up to the amount paid prior to the disaster or 25% of their income, whichever is greater. The government would pay any additional amount for temporary housing and would take into consideration any special circumstances which might impact the occupant's ability to pay. (The insurance industry operates under this same concept when it offers "addittional living expense" coverage.) Tempoary housing assistance would be tailored to meet individual needs.

INDIVIDUAL AND FAMILY GRANT

Q. I have a few questions about the Individual and Family Grant Program. To your knowledge, how successful have States been in implementing this program to date?

A. Since the inception of the IEG program, there have been 187 programs administered by 45 States and territories, including the Northern Marianas. Through these programs, over 237,000 disaster victims have received assistance for approximately $300 million ($247 million Federal share, $82 million State share), an average of less than $10 million a year.

Although the program has not been universally popular with all States, it has been found to fulfill the Congressional intent of meeting serious needs and necessary expenses that cannot otherwise be met and has become an essential program for providing disaster assistance to disaster victims.

Q. Do you feel the $5,000 ceiling limitation is sufficient today?

A. Currently, the average grant is $1,828, excluding the three Puerto Rican disasters which have an average grant of $923. We estimate that less than 10% of all grants exceed the $5,000 ceiling; however, the American national Red Cross has agreed to provide additional assistance to those persons who have needs that cannot be met by the IFG Program. In addition, by removing funding for limited home repairs from this program, the full $5,000 will once again be available for eligible necessary expenses and serious needs. Therefore, we feel that the $5,000 ceiling is adequate.

Q. Under current law FEMA has the capacity to require States to pay 25 percent or more of the cost of public assistance projects. Is it prudent to tie our hands and set an arbitrary 75-25 split? Or should FEMA remain flexible so that it can demand a greater percentage of support from some States and a smaller amount from others depending on their ability to pay? Please comment.

A. It is the Agency's considered judgment that it would be better to observe a uniform 75/25% Federal/State and local cost-sharing approach rather than a flexible percentage based on "ability to pay." FEMA has utilized the 75/25 split for over a year now and we have concluded that it has provided an equitable basis for public assistance. We feel that adopting a flexible percentage would result in a significant increase in program administration and appeal action as a result of FEMA determination of the relative ability to pay on each disaster declaration.

TEMPORARY HOUSING QUESTIONS

Q. What is your assessment of the States' capabilities in disaster recovery? We are specifically concerned with the States' capabilities with regard to temporary housing.

A. Prior to 1978, the major involvement of states in the Temporary Housing program was limited to assistance in obtaining land for development of group site mobile home parks. During the latter part of 1977, FEMA staff briefed states on temporary housing activities and obtained agreement from some states to administer the program beginning with Wisconsin in July, 1978. During 1980, states administered 11 programs which approximates 60% of the temporary housing missions for the year. These missions were generally small in size and there was a great degree of variance in performance among states. The proposed temporary housing regulations will address the Agency's concern over states' capability and preparedness to perform temporary housing programs. States will be required to submit their plans for implementing this program prior to our determination on their capabilities to do so. States can make a major contribution toward the permanent rehousing of disaster victims. To this end, the proposed regulations will clarify the states' role in administration of the program after 18 months, when the state is in the best position to offer solutions to remaining housing problems.

NOMINATIONS OF ROBERT A. JANTZEN AND CARLOS C. CAMPBELL

TUESDAY, OCTOBER 27, 1981

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met, at 10:05 a.m., in room 4200, Dirksen Senate Office Building, Hon. Robert T. Stafford (chairman) presiding.

Present: Senators Stafford, Chafee, Murkowski, Randolph, Moynihan, and Mitchell.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. The Committee on Environment and Public Works will please come to order.

The committee is meeting this morning to hear from and about two nominees of President Reagan to important posts in his administration: Robert A. Jantzen of Arizona to be Director of the U.S. Fish and Wildlife Service, and Carlos C. Campbell of Virginia to be Assistant Secretary of Commerce for Economic Development.

These are in effect two separate confirmation hearings. We shall begin with Mr. Jantzen, and when all testimony has been received, we will then proceed to Mr. Campbell's hearing, although the Chair will reserve the right to change that procedure later on. I would ask our witnesses to make brief oral statements, with the assurance that their full statements will be included in the written hearing record. Some members will not be able to remain for the entire morning, and we want to insure that we will be able to hear from both nominees.

This committee has had jurisdiction over fish and wildlife matters for several years now and follows with great interest the activities of the Fish and Wildlife Service under Senator Chafee's chairmanship of the Subcommittee on Environmental Pollution.

Just a few months ago, the Senate unanimously passed a fish and wildlife bill that originated in this committee, the Lacey Act Amendments of 1981. I understand that the House is prepared to pass the bill in a few days. When signed by the President, the Lacey Act should provide the Fish and Wildlife Service with the statutory tools needed to effectively combat the growing problem area of illegal trade in fish and wildlife. The manpower tools are a separate matter but one that is of interest to this committee.

The importance and need for a strong, effective Fish and Wildlife Service becomes apparent when one realizes that the agency is respon-

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sible for: the Federal endangered species and migratory bird conservation programs; predator control; the 89 million acre, 410 unit national wildlife refuge system; the national fish hatchery system; Federal fish and wildlife research; Federal law enforcement; and other programs aimed at minimizing environmental degradation to fish and wildlife habitat throughout the Nation.

We welcome Mr. Jantzen here and look forward to his testimony. It is my hope that the committee can move quickly to confirmation so Mr. Jantzen can go to work.

The Chair is delighted this morning to see a formidable array of senior politicians from Arizona, statesmen I should say—Senator Barry Goldwater, our distinguished colleague and fellow "hippy" of mine, he will understand what I mean, Senator DeConcini and Congressman Rhodes, former minority leader. We would invite the two Senators and Congressman Rhodes to come to the witness table and make opening statements. Senator Goldwater, we recognize you first.

STATEMENT OF HON. BARRY GOLDWATER, U.S. SENATOR FROM THE STATE OF ARIZONA

Senator GOLDWATER. Thank you, Mr. Chairman. I will keep it brief, but I do have a paper here I would like to submit.

Senator STAFFORD. We will place that in the record. (See p. 69.)

Senator GOLDWATER. Bob Jantzen has been our Director of Wildlife since about 1968. And I know it surprises many people to think that Arizona might have wildlife, but I can assure we have a greater variety of wildlife in Arizons, not counting humans——

Senator STAFFORD. I was going to say is that in Phoenix or elsewhere?

Senator GOLDWATER. Than you can find in the country. I would hate to start to name everything we have. But Mr. Jantzen has done an outstanding job, and I think he will be an excellent person to serve here in Washington. I don't mind telling you we hate to lose him.

And with that, I will submit my formal recommendation and turn it over to my senior friend, John Rhodes.

Representative RHODES. I will yield to the Senator.

Senator DECONCINI. I will yield to the distinguished Congressman.

Senator STAFFORD. At this time, Senator DeConcini and Congressman Rhodes can decide who goes next.

STATEMENT OF HON. JOHN J. RHODES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Representative RHODES. I thank my colleague for yielding to me.

It is a pleasure and honor for me to be here under the gavel of my good friend for many years, who has waited many years to become chairman. He knows I have waited longer than he has, and I still haven't made it.

But to them to deserve shall be given.

Bob Jantzen is an individual who is without peer in his chosen field. It may surprise people that we have game; probably knowing the rainfall of Arizona, that it would surprise them more to know we have fish. But we do. And it is also an interesting statistic that the State of Arizona has more boats per capita than I believe any other State in the union, with the possible exception of Vermont.

But, nevertheless, the facts are that this is a very important division of the State Government, and Mr. Jantzen has headed it for these 13 years and worked very closely with it for years prior to that time. His training is superb for the job to which he has been appointed He is an individual who has the temperment and administrative ability to run this department as well as the necessary personal background. And it is my pleasure to join Senator Goldwater and Senator DeConcini in recommending that he be confirmed just as rapidly as the wheels of this great committee can be grimed.

Senator STAFFORD. Thank you very much, Congressman. Your words will carry weight in this committee.

Senator GOLDWATER. Mr. Chairman, I have to be excused. I have to introduce somebody else.

Senator STAFFORD. Certainly. And, Congressman, if you have other appointments, the Chair would certain understand and the committee will.

Representative RHODES. Thank you.

Senator STAFFORD. Senator DeConcini.

STATEMENT OF HON. DENNIS DeCONCINI, U.S. SENATOR FROM THE STATE OF ARIZONA

Senator DECONCINI. Thank you, Mr. Chairman. I am going to be very brief.

I appreciate the opportunity to be here before this distinguished committee to recommend and endorse Bob Jantzen for the position of wildlife, game and fish director. Mr. Jantzen has almost 30 years of professional management in the wildlife area. For 12 years he was director of the Arizona Fish and Game Department. He has been held in such high esteem he has been appointed by Democratic and Republican Governors. He has the ability to work with everyone in a very professional manner, and he has developed this reputation over the years hat thas transcended Arizona now. And I compliment the administration in choosing this outstanding person, and I am sure it will enhance the position he is about to take and I recommend him highly and thank the chairman and Senator Chafee.

Senator STAFFORD. Thank you, Senator. We would understand if you have other commitments that require you to leave.

The Chair would ask Mr. Jantzen now if he would come to the witness table.

Senator CHAFEE. Mr. Chairman, I just would say to Senator DeConcini we appreciate him coming here. I must say Arizona is having a big year this year.

Senator STAFFORD. They certainly are.

Senator CHAFEE. It seems to be an imprimatur for success, and we certainly appreciate such a powerhouse delegation coming here on behalf of Mr. Jantzen.

Senator STAFFORD. Mr. Jantzen, we have got you at the witness table now in order for you to look directly upon Senator Chafee, as he is the one who runs our subcommittee you will be working with. Senator Chafee has a major interest in fish and wildlife matters aside from his committee duties. So I think it would be a fitting time to ask if you have an opening statement, Senator Chafee.

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Senator CHAFEE. Mr. Chairman, I am delighted to see the nominee for Director of the U.S. Fish and Wildlife Service has been named. As the chairman noted, the Fish and Wildlife Service is an agency with an extremely important mission and a vast array of responsibilities both relating to the conservation and management of the fish and wildlife resources of the country.

I think everyone here knows my interest in this area, but I think it is important to point out that the constituency of the Fish and Wildlife Service covers a very wide range of interests, as exemplified by today's witnesses who will be coming forward. It includes the maintenance of an active and powerful advocacy for fish and wildlife management. I look on you, Mr. Jantzen, as the person who is going to carry the ball of advocacy for these matters within the Federal Government, not only to environmentalists but also to the States and sportsmen and hunters and conservationists. The motivation for such a wide array of interests, it seems to me, ranges from scientific concerns to esthetic concerns to human concerns.

Now all of the Service's constituents may not agree on a particular decision you make, and I think you will rapidly find that out. I think it should be recognized we all share a concern for the well-being of our fish and wildlife resource.

At this point, Mr. Chairman, I would like to include in the record a letter from our distinguished majority leader and member of this committee sent to you on October 16. In the course of the letter, Senator Baker says:

> The fact that the Service has been without a Director for so long has proven detrimental not only to the Service but to our national fish and wildlife resources as well. Without the leadership it deserves, the Service runs the risk of becoming the poor stepchild of the Interior Department, particularly during times such as these when crucial budget decisions are being made.

Those were comments from Senator Baker.

Senator STAFFORD. Without objection, we will place that letter in the record.

Senator CHAFEE. Thank you, Mr. Chairman.

[The letter referred to follows:]

[illegible]
STAFFORD, VT., CHAIRMAN
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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, D.C. 20510

October 16, 1981

The Honorable Robert T. Stafford
5219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Bob:

It was a pleasure to see that, after ten months, a nominee to be Director of the U.S. Fish and Wildlife Service has been named. I am writing this letter to ask you and Senator Chafee to please expedite consideration, by the Committee on Environment and Public Works, of Robert A. Jantzen's nomination. In turn, I will see to it that the Committee's recommendation is acted upon by the full Senate in an expeditious manner.

The fact that the Service has been without a Director for so long has proven detrimental not only to the Service but to our national fish and wildlife resources as well. Without the leadership it deserves, the Service runs the risk of becoming the poor step-child of the Interior Department, particularly during times such as these when crucial budget decisions are being made. Furthermore, the nomination of Mr. Jantzen opens the way for appointment of people to fill other important support positions such as Deputy Assistant Secretary for Fish, Wildlife and Parks to work with Ray Arnett and Deputy Director of Fish and Wildlife to work with, presumably, Bob Jantzen.

Mr. Jantzen appears to be emminently qualified for the job of Director of the Fish and Wildlife Service. I look forward to working with you to ensure quick consideration of this important nomination and thank you for your attention to this matter.

Sincerely,

Howard H. Baker, Jr.
U. S. Senator

Senator CHAFEE. I hope we can move quickly to the consideration of this nomination. Certainly it appears from Mr. Jantzen's résumé that he has all the qualifications both of scientific and education and experience. He is knowledgeable of the principles of fishery and wildlife management and, in my judgment, he is qualified by statute, and I look forward to hearing from him and working with him.

I appreciate your coming by, Mr. Jantzen and having a little visit together. I must say as I look at your qualifications it seems you are tailormade for this position. So we look forward to hearing you and hearing the witnesses.

Mr. Chairman, I appreciate and am delighted we are having this hearing and hope we can move forward rapidly.

Senator STAFFORD. Thank you, Senator Chafee.

Mr. Jantzen, before you make your statement, I am going to recognize Senator Randolph. Even before that, I think you have Mrs. Jantzen in the room, and I think the committee would like to meet her.

Mr. JANTZEN. I would be pleased to introduce my wife.

Senator STAFFORD. We would like to welcome Mrs. Jantzen here to this hearing.

Now on the other side of the aisle, although we are pretty nonpartisan, you will find yourself dealing quite often with Senator Jennings Randolph.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. Mr. Chairman, I wish that I might have been present earlier in the hearing to have welcomed your cosponsors, Senators Goldwater and DeConcini and Representative Rhodes of Arizona. I counsel with these men often. I was talking with Representative Rhodes, a few days ago about matters of concern. When they come as they have to introduce you, I feel that there is nothing perfunctory about their presence on the occasion and time.

I had the privilege of visiting with you and talking about some of the problems and the challenges of fish and wildlife management. I am not sure that I really convinced you that the best fish, if not now, could be in the State of West Virginia. You remember I mentioned the trout streams, the bass streams, and we will look forward to having you with us on some occasion when perhaps a few days away from Washington might be spent in joy and also in placing in the creel some of our fish. Frankly, the clean water program that came from this committee has brought many of our streams back into productive game fishing areas, and that has not taken place for many years.

I am glad you have been welcomed by our able chairman, Mr. Stafford, and by our knowledgeable member from Rhode Island, Mr. Chafee. So this is a welcome to you, in a sense, joining with others.

I think you have had experience; I never liked the word "outstanding" very much. I hear it all the time, but there are better words. Your experience has been a learning experience, and to the learning experience you have brought your own talents, and this has meant that in fish and wildlife management you are prepared for an assignment of this kind, as I understand.

Your nomination as Director of the U.S. Fish and Wildlife Service reflects, I believe, very substantially an understanding of professionalism and the expertise which really are required in a task of this kind. You seem to possess them. Certainly now more than in the past fish and wildlife conservation requires not just a person who is knowledgeable, but also an advocate. I do not mean an advocate by standing on a table and calling out in strident tones, but an advocate who talks with people, counsels with people and attempts, as I am sure you will, to say why we should do what we should do because there are competing uses today of our natural resources. There is energy and minerals and industrial development. All of this backs up against recreational programs in this country. When we think of recreation, there is attached to recreation a tremendous job opportunity. In West Virginia we have literally hundreds and hundreds of people who are associated perhaps not exactly in the area of fish and wildlife, but they are in our recreational programs. And in all of our State parks in West Virginia we have, of course, fish, practically every one of them. Outside of the parks our rivers abound in fishing, and also in catching as well. That is very important sometimes.

So we must make wise choices, and that is increasingly difficult in an area of this kind. We think West Virginia is a coal mining State. Yes, it is. But dollar-wise our most important industry second to coal is tourism. And there is involved, of course, the fishing and the hunting and the skiing. Pardon me, we are not in competition with Vermont. We are so much better in that effort. Excuse me, I do not mean to say that at all. Our weather is, let's say, more contained in a high level of snow. But we will have new programs of recreation.

By the way, we will perhaps start our skiing within 2 weeks. We have had snow in the upper regions there in what is known as Pocahontas County.

Mr. Jantzen, I believe you accept this program as a challenge. And when you attempt to settle problems, you can't settle them just as problems or in even parts, you have to think of them as challenges. That is perhaps school marmish to say, but it is true. It is the attitude as well as the aptitude. You are going to attempt and hopefully succeed to protect and conserve our fish and wildlife, and you will do it, apparently you must do it, with fewer dollars to resolve these increasingly serious problems.

Now let's take Louisiana for a moment. The bottomland hardwoods, I am told, will be gone in that area by 1990 at the present rate of loss. How will we save them without sufficient funds to require that the Tensas National Wildlife Refuge is there? And maybe there is a reason I am not knowledgeable about. How can you go forward with an aggressive wetland acquisition. We have very famous wetland areas in our State. With no compensation to the counties when they lose the tax base, when the land becomes a part of the wildlife refuge system, there is a problem. It is not easy, it is not soluble with a yes or no. You will have the problem of encouraging State management of endangered species. It may be very little or zero funding for section 6 of our endangered species law.

So, I am in agreement, of course, that U.S. Fish and Wildlife Service must receive its fair share of budget cuts. We can't say otherwise. But I am concerned that if it is to do its job, and you as its leader to do your job, we must continue to receive sufficient funding to carry our responsibilities. Your thoughts, convictions will be given to us this morning. I hope you will address yourself to these impacts, the lesser dollars, how you think we can husband them to do the job.

Thank you very much.

Senator STAFFORD. Thank you very much, Senator Randolph.

We have a statement from Senator Murkowski who, unfortunately, could not be here at this time. He is expected later. His statement will be made a part of the record.

[The statement follows:]

OPENING STATEMENT OF SENATOR MURKOWSKI

Nomination hearings on
Robert Jantzen
Director, Fish and Wildlife Service

I am pleased that the Senate Environment and Public Works Committee finally has the opportunity to hold nomination hearings on the Director of the U.S. Fish and Wildlife Service. I want to extend a warm welcome to Bob Jantzen. I know that this occasion will not be the only opportunity for us to visit during your tenure at the Department of the Interior.

The U.S. Fish and Wildlife Service plays an important role in the State of Alaska. No other state of the Union has as many wildlife refuges or acres of land controlled by the Fish and Wildlife Service, than does Alaska. The Alaskan National Interest Lands Conservation Act, which passed last Congress, places the State of Alaska and the Service in a close working relationship. We have no choice but to work on our mutual problems and resolve our differences.

I feel confident that under your direction Mr. Jantzen, that the Fish and Wildlife Service will improve its program in Alaska. The Service is charged with one of our Nation's most important resources, our wild animals and their habitat.

I am anxious to have your views on the proper relationship between the states and the Federal Government in management of these natural resources. In the past the Service has attempted to force itself into the management of resident fish and game species. This is a matter that is best left up to the experts at the local levels. I believe in the protection of endangered species and the Federal Government has a strong role to play there. The Federal Government also has a responsibility for truly internationally migratory birds and animals.

Welcome to the Committee, Bob. We look forward to your testimony today and to working with you in the years ahead.

Senator STAFFORD. Now, Mr. Jantzen, we would be most happy to hear from you.

STATEMENT OF ROBERT A. JANTZEN, NOMINEE TO BE DIRECTOR OF THE U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

Mr. JANTZEN. Thank you, Mr. Chairman and Senators Randolph and Chafee. It is an honor and privilege to appear before this committee and provide you with an opportunity to determine my qualifications to serve as Director of the U.S. Fish and Wildlife Service. I am very pleased that President Reagan has nominated me to this important position. It is a unique position in that it is charged with the protection and management of a natural resource that is singular in its nature but it is cosmopolitan in its appeal to all.

Mr. Chairman, I would like to take this opportunity to state for the record my sincere thanks and appreciation to Senators Goldwater and DeConcini and Congressman Rhodes for their support and their courtesy in providing the sponsorship for my nomination.

Senator STAFFORD. Without objection.

Mr. JANTZEN. I am an Arizonan by birth and I was raised in a small community near Phoenix. After serving in the U.S. Marine Corps, I received a B.S. degree in wildlife management from the University of Arizona at Tucson. Upon graduation, I was employed by the Arizona Game and Fish Department in 1953 and served as a district biologist, a management biologist and research biologist until 1968. From 1968 to the present, I served as director of that department. I consider myself a professional in the field of wildlife management and am deeply committed to the protection, restoration, enhancement and management of the fish and wildlife resources of the Nation.

Fish and wildlife are unique, in my view, because they are a resource that knows no political boundary or political party, and they must truly depend upon public awareness and support if they are to survive. It is obvious they have enjoyed that support and awareness. One has only to look at the richness and diversity of the fish and wilflife resources of this country, the most affluent, powerful and technologically advanced nation on Earth, to realize that, truly fish and wildlife abundance and health can be the conscience of a people as well as an indicator of the environment.

The laws of the land, both nationally and in all 50 States, reflect the people's appreciation for and their judgment that this is truly a public resource. I support and applaud those laws. They are a reflection of public concern expressed through their congressional and legislative delegations.

Although I have worked in only one State, I have a strong appreciation for the national and international responsibilities of the U.S. Fish and Wildlife Service. During my tenure as director of the Arizona Game and Fish Department, I served on many committees, councils, and associations that were regional, national, and international in their deliberations and in their charters. Among them were the Colorado River Wildlife Council, Pacific Flyway Council, Western Association of Fish and Wildlife Agencies, National Water-

fowl Council, International Association of Fish and Wildlife Agencies, and others. I have been made aware of and learned a great deal about regional and national issues involving Canada and Mexico, as well as the United States, from the perspective of my friends and colleagues with whom I worked. These ranged from anadromous fisheries problems in the Pacific Northwest to development of a national migratory waterfowl management plan for the continent. As a neighbor to Mexico, I have a deep regard and admiration for her people and wildlife. I have also had an opportunity to travel in northern Mexico and to cooperate on projects involving some species common to both countries. As a result of these endeavours I have come to know fine people there who have the same reverence for their wildlife resources that we have.

Because of this experience, I believe I will bring a broad awareness and understanding of many wildlife issues to this post that transcend the boundaries of my native State.

I believe in utilization of our resource. Hunting, fishing, and trapping are among the greatest traditions of this land. Harvestable surpluses of fish and wildlife should be made available to the millions of Americans who enjoy the fields, forests, and waters for that purpose Nonconsumptive uses of the resource also should be encouraged. The viewing and enjoyment of wildlife in its natural environment is a rewarding experience that should be accessible to all people. The National Wildlife Refuge System is a fine example of opportunity for both consumptive and nonconsumptive enjoyment of the resource. I believe that with good management and the cooperation and understanding of the user groups, different uses can often be accommodated on those lands without degrading or being incompatible with the primary objective of the refuge itself.

I also believe in managing the resource. The term "management" has broad meaning in the field of fish and wildlife. It means the protection, maintenance, and even restoration of the habitats upon which species depend. It means the measurement and monitoring of populations, the assessment of disease and debilitating factors, the identification and control of environmental pollutants, the harvesting of surpluses on the one hand and the complete protection of some species on the other hand. It can mean the removal of some of certain species that are damaging property and affecting the livelihood of individuals.

How well we, as a nation, manage and conserve our resources depends upon the quality of the data base that leads to action decisions. Without the best available information, decisions can be suspect and may be driven by emotion instead of fact. For that reason, I will support a strong research effort, consistent with available funds, to develop the scientific information needed for sound resource management decisions.

Management of the resource, to me, also means management of people. I am no stranger to fiscal constraints and belt-tightening. Limited funds affect many of us at the state level who depend solely on hunting and fishing license sales to conduct a comprehensive fish and wildlife conservation program. Within available funding, I believe the Service can manage more effectively to maximize delivery of programs to the public and to the resource at the field level. If

confirmed, I would plan to look for those possibilities within the organization.

I would like to make two more points concerning my philosophy and approach to fish and wildlife management, Mr. Chairman. I have a deep and lasting faith in the rights of States and their ability to manage their resident wildlife. I would strive to solidify what now appears to be a tenuous truce between the Federal Government and the individual States on some issues and build the strong partnership and mutual trust that must exist for the protection of the resource. Without that, energies and funds will be spent unnecessarily and unwisely instead of in the best interest of the public and their fish and wildlife.

Last, I wish to point out that I have an appreciation of the need for development and growth in the country. One cannot have come from the second fastest growing State in the Union in terms of human population without having at least an awareness of human needs for economic growth and development.

In managing the wildlife agency in a growth State, I have learned that industry and individuals impacting the resource for their own purposes, for the most part, want to be reasonable and responsive to the need for protecting fish and wildlife. I believe that if one can understand and communicate differing viewpoints, the necessary first step to problem-solving has been taken. I am willing to listen and try to understand opposing viewpoints in order to reach the most satisfactory solution of an issue from the standpoint of benefiting the fish and wildlife resources that might be affected. I pledge to continue that philosophy in working with the agencies, both State and Federal, the private sector and, particularly, the Congress on the many wildlife-related issues that will face the U.S. Fish and Wildlife Service in the years ahead.

In closing, I would like to publicly thank Secretary Watt and Assistant Secretary Arnett for their support and confidence. I respect and admire both gentlemen and look forward to working with them should the committee and Senate act favorably on my nomination.

I would be pleased to submit myself to questions from the committee Mr. Chairman. Thank you very much.

Senator STAFFORD. Thank you very much, Mr. Jantzen.

Without objection, the chair is going to reserve the right to members who can't be here this morning to submit questions to you in writing, for immediate response if you can do it, and we will allow 24 hours in which questions might be sent to you in order to expedite matters.

Two routine questions. One is do you possess or own or have any beneficial interest in any matters that might, in your judgment, bring you in conflict with the position to which you have been nominated if you are confirmed?

Mr. JANTZEN. Not to my knowledge, Mr. Chairman. The people in the Ethics Department of Interior have sent forward a letter to that effect based on their analysis of the material I provided to them.

Senator STAFFORD. Thank you.

If requested by any committee of the Senate, would you tell us now that you are prepared to appear as a witness before such committee?

Mr. JANTZEN. Yes, sir, I am.

Senator STAFFORD. And you make that statement without reservation?

Mr. JANTZEN. I do.

Senator STAFFORD. Thank you very much. I have had the privilege of discussing this appointment with you in person, and I have examined your impressive qualification. In the light of those facts, the chair has no questions.

Senator Chafee, do you have questions?

Senator CHAFEE. Thank you, Mr. Chairman.

First, I would ask there be submitted into the record additional statements of support from Congressman Udall, Trout Unlimited, Kansas Fish and Game Commission, North Carolina Wildlife Resources Commission, Arkansas Game and Fish Commission, the Wildlife Legislative Fund of America, and the Oklahoma Department of Wildlife Conservation. Mr. Chairman, if there are no objections, I would ask those be placed in the record.

Senator CHAFEE. Mr. Jantzen, you and I have discussed some of these matters. I would like to get them on the record. I have indicated to you my strong concern to protect wetlands. You mentioned habitat in your statement. I am interested in endangered species.

The Vice President has a regulatory review task force, as you know. An interagency working group, which is headed by the Corps of Engineers, is reviewing the 404 program with the preservation of wetlands, forbidding dredge and fill and channelization. What role, if any, will you have on that review program that the Corps of Engineers—first of all, I don't know why they choose the Corps of Engineers to head that. I respect the Corps and will say, in all fairness, the Corps has been conscious in the 404 programs. But I would have thought that EPA would have been chairing that task force. But, nonetheless, apparently the corps is. Could you tell me your role in that?

Mr. JANTZEN. Mr. Chairman, Senator Chafee, as I understand it, sir, the Fish and Wildlife Service is in contact and is a part of the task force that is examining the 404 regulatory process. But you are correct, the lead has been given to the Corps of Engineers. We are knowledgeable of and involved in the activities that are going on.

Senator CHAFEE. Well, you will be on it. Won't you be the designee?

Mr. JANTZEN. Mr. Chairman, Senator Chafee, I do not know.

Senator CHAFEE. Mr. Arnett apparently is. I am sure Mr. Arnett will look to you for suggestions. I just hope you will be a vigorous supporter of what we are attempting to do under 404. You are as familiar with wetlands as anyone. Could you tell us briefly your thoughts on wetlands?

Mr. JANTZEN. Mr. Chairman, Senator Chafee, wetlands, both in the migratory waterfowl production area and wintering area, are extremely important not only to waterfowl, migratory waterfowl, which is a national and international responsibility, but for many other forms of wildlife. This is extremely valuable habitat, and in my view probably one of the high priority habitats in need of protection in the United States today.

Senator CHAFEE. And I have been very pleased that Secretary Watt has taken that same position and been vigorous in his support for wetlands.

Now you will also be on the endangered species review group. I think you personally will be the representative there. It will be the Interior Department, in any event. Why don't you briefly give us your thoughts on that endangered species program?

Mr. JANTZEN. Mr. Chairman, Senator Chafee, the endangered species program is one of the pieces of legislation that I referenced in my statement as being an example of the conscience of a country with regard to its fish and wildlife resources. I think it is an extremely important piece of legislation. The implementation of the Endangered Species Act has been difficult at times and has caused some consternation and some confusion especially at the state level. Relationships under that Act are the sort of thing that I was attempting to address in my statement as far as a partnership between the Federal Government and the State Government is concerned. We have to have a good working partnership on the ground to accomplish things for those species that are listed as endangered or threatening. There are other examples, of course.

Senator CHAFEE. Except I would bear in mind that on the State level, as you are familiar with, and you pointed out you came from the second fastest growing State in the country—what is the fastest? Florida I guess.

Mr. JANTZEN. Nevada, I believe.

Senator CHAFEE. So that there are different pressures on States and State authorities than there are on the Federal Government. In other words, while it is wonderful that you served with the State, you have a viewpoint from that angle. I also think it is important you will now be wearing a different hat and that you have got to look at these problems as a national representative. Oftentimes, that will bring you into conflict with States. Certainly you want to be sympathetic and concerned with the views of the various States, but at the same time there is a Federal view on these matters that I would urge you to bear in mind as you deal with these problems.

Could you touch briefly on the Lacey Act? As you know, we strengthened the Lacey Act just recently. Mr. Arnett has been interested in the Lacey Act and was very helpful to us. I am concerned with the decline in the number of field agents that can devote attention to activities under the Lacey Act. Do you foresee your being able to be vigorous in Lacey Act enforcement?

Mr. JANTZEN. Mr. Chairman, Senator Chafee, within the funds available, I would say yes. The Lacey Act amendments, as I understand them, put a lot more teeth into the law. I think that in itself will be a deterrent which will help in the enforcement.

Senator CHAFEE. As you know, we have moved many of the actions up to a felony from a misdemeanor.

Mr. JANTZEN. Correct.

Senator CHAFEE. It has been an area that the importers of forbidden flora and fauna have really laughed at because the punishments have been so mild. I hope under your leadership and that of Mr. Arnett we can come down hard on these people. We have had the Justice Department in here. They have indicated they will take a more serious attitude toward it since the degree of the crime has been increased. We look to you to be vigorous in that area.

Thank you very much, Mr. Chairman. I have no further questions.

I would ask this, Mr. Chairman. As we look toward the schedule here with time running out on us, I noted you asked the members of the committee to submit their questions in 24 hours. Would you perhaps think of a response time on the part of Mr. Jantzen so that there would be no underbrush that we have to wrestle with as we try to get this nomination to the floor should the committee approve it?

Senator STAFFORD. The Chair would respond, if the committee would agree, to call up Mr. Jantzen's matter for official action of the Senate next Thursday. So it would be in his best interest to get the replies back as soon as possible, certainly before the weekend so they will be available to members and staff before Monday. So we would ask you if you get any questions in writing to respond by Friday, since it is our intent to act on your nomination next week.

Mr. JANTZEN. Mr. Chairman, we will try to turn them around in 24 hours.

Senator STAFFORD. We can't ask more than that.

If there are no further questions at this time, we will excuse you, Mr. Jantzen.

The chair is going to divert from the agenda we originally intended to follow in order to accommodate Senator Warner, our colleague, who is here to introduce Mr. Campbell. When you have done that, Senator, we will then go back to the panels who are supporting Mr. Jantzen. But we would accommodate you, if you care to, now.

STATEMENT OF HON. JOHN WARNER, U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you, Mr. Chairman. I am conducting two meetings today, in defense and energy.

Mr. Campbell, would you join me, please.

Mr. Chairman we all have the honor here in the Senate from time to time to introduce individuals who have been nominated by the President. This is not a matter of routine with me. I have known this most outstanding American for a number of years, and I feel a very deep, close personal attachment, and I find this to be a particularly exciting and worthwhile moment for me to join with him this morning in this introduction.

He has applied his considerable educational and governmental skills to serve our Government in a variety of managerial and administrative posts, not only in goverment, of course, but in the priviate sector. At one time he was special assistant at the Department of Housing and Urban Development, and then during the Nation's Bicentennial he served as my principal deputy assistant administrator with a very wide range of responsibilities.

His biography reflects he is a man of many talents. Notably among them, we served together in the Navy. Although I was a civilian Secretary, he was a flying officer and had the opportunity to go on and make the Navy his career. I am certain that eventually he would have ended up as an admiral in the U.S. Navy, but he sought for other reasons, family and otherwise, to go into the private sector.

While touching on family, he is joined by his wife.

Senator STAFFORD. The committee is very glad you are here, Mrs. Campbell.

Senator WARNER. He is creative, imaginative, has excellent administrative abilities, very balanced personality, an American who is deeply proud of his heritage.

I conclude by saying, Mr. Chairman, that it is a deep honor for me to introduce him. I am hopeful that his confirmation will be speedy and that he can then enter a new and lasting chapter in the service of his country.

Commander Campbell, you are on your own.

Mr. CAMPBELL. Thank you very much.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. Thank you very much. Knowing that you have other appointments, the committee will understand your departure, as I am sure Mr. Campbell will.

I think the committee, if there is no objection, will go ahead and hear Mr. Campbell himself now, and then we will revert back to the panels for individuals who are testifying for Mr. Jantzen.

Before you testify, Mr. Campbell, the Chair has some brief remarks, and others perhaps will.

Mr. Campbell is no stranger to service in the Federal Government or to Washington, having worked in previous Republican administrations, as Senator Warner has indicated. But his nomination places him in the curious position of being confirmed for a position the Reagan administration presumably plans to abolish. For EDA in fiscal year 1982, the administration has requested only caretaker funds for previously approved projects. Yet the Omnibus Reconciliation Act does provide an authorization, albeit reduced, through this fiscal year. It seems likely that the Appropriations Committee will also provide funding above the level requested by the administration.

On this committee, Mr. Campbell, you will find sympathy for both positions, and that is a bipartisan observation. I hope you will address how you will handle the dichotomy between the administration's plan to terminate the Economic Development Administration, and the fact that appropriates may be enacted that will keep the agency in business, at least for a while. A number of thorny practical issues grow out of this dilemma concerning agency management that I know you will be asked about.

You may, if you are confirmed for this position—and I know of no reason you will not be—find it necessary and useful to consult closely with this committee as you take on this challenging assignment coming to you. You may occasionally receive contrary advice, but I can assure you will always be received with warmth and courtesy. We welcome you here, Mr. Campbell, and your wife.

Senator CHAFEE. do you have an opening statement?

Senator CHAFEE. I have no statement. I would like to join in welcoming Mr. Campbell and Mrs. Campbell to our hearing, and we look forward to hearing what the nominee has to say.

Senator STAFFORD. Senator Mitchell, do you have any statement?

Senator MITCHELL. Thank you, Mr. Chairman. I join you and Senator Chafee in welcoming Mr. Campbell and Mrs. Campbell.

I have already had the pleasure of lengthy conversation with Mr. Campbell and look forward to hearing from him.

Senator STAFFORD. All right, Mr. Campbell, we welcome your statement.

STATEMENT OF CARLOS C. CAMPBELL, NOMINEE FOR ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, U.S. DEPARTMENT OF COMMERCE

Mr. CAMPBELL. Mr. Chairman and distinguished Senators, I want to thank you for affording me the privilege of appearing before your Committee on Environment and Public Works. And for the record I would like to thank Senator Warner for taking the time to introduce me and for his eloquent remarks which I find to be most humbling.

As the nominee of President Reagan for the position of Assistant Secretary of Commerce for Economic Development, I respectfully invite your attention to my qualifications and to how I intend, subject to your favorable consideration, of course, to respond to the challenges of leadership and management of the Economic Development Administration.

I would like, Mr. Chairman, if appropriate, to provide the statement for the record and perhaps cross over my academic qualifications because some of those have been mentioned.

I am a product of New York City public schools, attended Michigan State University, the U.S. Naval Post Graduate School and the Catholic University of America. I spent 9 years on active duty as a Naval officer and attained the rank of lieutenant commander in 1968. Incidentally, I would like to point out that I served the final 2 years in the Military Construction Office of the Naval Air Systems Command.

Senator Warner has touched on my prior government experience.

I have had corporate and business experience with Control Data Corp., Corporation for Community Development, Howard Needles Tammen & Bergendoff, McLean Savings & Loan Association, International Business Services, Inc., and other organizations.

I have also served as a commissioner with the Northern Virginia Regional Planning District Commission, as an elected board member of the American Society of Planning Officials, and also as an adjunct professor one summer with Virginia Polytechnic Institute and State University.

Finally, I am the author of a book on community development entitled "New Towns: Another Way to Live," which was published in 1976.

First of all, Mr. Chairman, as I have in prior government and military service, I will enthusiastically, faithfully and diligently defend the Constitution of this great Nation and carry out to the best of my ability the appropriate laws for EDA enacted by the U.S. Senate and House of Representatives.

Mr. Chairman, as you have pointed out, the President has indeed proposed the termination of EDA. Congressionally approved budget reductions in fiscal year 1981 and the authorization levels for fiscal year 1982 have resulted in considerable staff reductions within the agency.

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Accordingly, I would respectfully suggest there is a formidable challenge to motivate and provide staff stability during this period of transition. The outstanding issues involve a loan portfolio in excess of a billion dollars, with a delinquency rate of over 40 percent; public works audits to be resolved; debt collection, and the continued management of projects funded in prior years.

Mr. Chairman, I respectfully submit that the effective management of EDA requires the establishment of a business-like environment, the delineation of specific objectives, performance measurement and accountability, and a sense of purpose in line with the times.

Responding, Mr. Chairman, to the dichotomy you pointed out with respect to the proposed intentions of the administration to terminate EDA in fiscal year 1982 and the intentions of the U.S. Senate and House of Representatives, the first thing that I feel is in line would be for me to clearly state to you that under no circumstances would I, if confirmed by your committee, ever subvert the intent of Congress. Law is law, and I fully respect that and would move forward accordingly.

Mr. Chairman, I feel that it would not be appropriate for me to either try to second-guess what the final outcome would be of the 1982 legislative process, and perhaps to respond to the proposal of the administration clearly within the context of that as being a proposal. In that regard, I would respectfully suggest that our proposal is based on the following: We see a time in the history of this Nation that is most challenging with respect to the President's economic recovery program, with respect to the need to recognize the big picture of macroeconomics, to deal substantively with the interrelationship between the large scale picture and subregional practices and policies. By that, I suggest that in the absence of a stable and expanding economy, there is indeed more than just the academic question as to whether or not we are creating new jobs or merely shifting jobs around. More specifically, I would say that it is appropriate to consider again in the larger context the issues of the trade deficit, exports, productivity, technological changes, and what corporate America has to be in order to remain or regain the competitive edge in the manufacturing commercial and industrial sectors.

In summary, Mr. Chairman, there is a question in my mind as to whether or not there is a dichotomy in fact. I would say that the proposal, which I fully support, is not one that would undermine or subvert the intent of the Congress. It is one that is in tune with the times and indeed appropriate, and I would not see that as an obstacle to carrying out those laws duly enacted by this great body.

Senator STAFFORD. Thank you very much, Mr. Campbell.

The Chair in your case, as we did in the last case, the committee agreeing, will keep the record open for 24 hours for questions to you in writing, with a request that you respond by Friday, if you can, so that we can go ahead and act on your nomination next Tuesday along with Mr. Jantzen's nomination. Would that be agreeable to you?

Mr. CAMPBELL. Yes, sir, Mr. Chairman.

Senator STAFFORD. The Chair has several questions that we would ask, but in view of time constraints we will submit them in writing for you for your responses. We have just one or two at the moment.

One is this. The Omnibus Reconciliation Act requires that in obligating fiscal year 1982 funds, priority should be given to projects that have already received some consideration by EDA before funding entire new projects. Have you developed a list that identifies projects in the EDA pipeline? Could one be supplied to the committee with some indication of a schedule for their consideration? And have you developed a management plan that will implement this requirement? It is sort of a three-barreled question.

Mr. CAMPBELL. Mr. Chairman, we have in fact a list of all of the projects that have been authorized by EDA, principally during fiscal year 1981, and such a list can be supplied. In terms of the specifics of a management plan, we can respond to that within the time frames that you have established. I would point out that we are having this week a meeting to discuss just those issues.

Senator STAFFORD. Thank you very much, Mr. Campbell.

Are you aware of any interest which you or your immediate family holds that might place you in a position of conflict of interest if you are confirmed in this position?

Mr. CAMPBELL. Mr. Chairman, I am not aware of any interests that I have that would in any way place me in conflict with this position.

Senator STAFFORD. Assuming you are confirmed by the Senate and in office, are you prepared to appear before any committee of the Senate that may ask you to come as a witness?

Mr. CAMPBELL. Mr. Chairman, I am indeed prepared to appear before any committee that I am requested to appear before.

Senator STAFFORD. And do you make that statement without any reservation?

Mr. CAMPBELL. Mr. Chairman, I make that statement without any reservation.

Senator STAFFORD. Thank you, Mr. Campbell.

Senator Chafee, do you have any questions?

Senator CHAFEE. Yes, thank you, Mr. Chairman.

I presume in answer to that first question that Senator Stafford asked you regarding any conflicts that you have had a review of whatever holdings you had made by an ethics committee. Has there been such a review?

Mr. CAMPBELL. Senator Chafee, that is correct. They have made such a review and filed a letter indicating I am free of any conflict.

Senator CHAFEE. Thank you, Mr. Campbell.

As I understand it, the rate of default on the EDA loans is something like 42 percent. Did you so indicate in your testimony?

Mr. CAMPBELL. Senator Chafee, that is correct. We had a study completed by the Alexander Grant Co. as of September 21 of this year. [The report appears at p. 128.] It indicated out of a loan portfolio—this involves both the direct loans and loan guarantees—of $1.06 billion, that the delinquency rate, for loans outstanding not paid for less than 60 days, and more, exceeded 40 percent.

Senator CHAFEE. What kind of reserves do we have for those? In other words, if we make appropriations, and I appreciate you have got a tough time figuring what is going to happen in your fiscal 1982 budget because things are in such flux. But let's assume you get

$226 million, or something along those lines. After all, we authorized $290 million. Let's assume you get $226 million. How does that work? Does that money have to be reserved to guarantee these loans, or how does it work?

Mr. CAMPBELL. Senator, the revolving fund that you are alluding to, currently—I should say as of the end of September 1981—amounts to about $133 million.

Senator CHAFEE. $133 million?

Mr. CAMPBELL. Yes, sir. Out of that we have to pay for care and protection of collateral and we have to respond to any defaults that we might have.

Senator CHAFEE. So my question is when you get new money in 1982, let's just assume a figure of, say, $225 million, can that money go for public works grants or technical assistance or research and evaluation, or because of the default situation of our portfolio does it all have to go into some kind of reserve?

Mr. CAMPBELL. Senator Chafee, the revolving fund exists principally to cover the loan guarantees. It does not exist as an item that can be used for public works grants or research, technical assistance and the like. The revolving fund can be tapped, so to speak, if we have a default and we have to make a guarantee good. The revolving fund can also be used for care and protection of collateral.

To respond specifically to your question, Senator Chafee, we would not use any of that money for program purposes.

Senator CHAFEE. I guess my question is this Suppose the revolving fund just isn't adequate to cover this 40-percent delinquency. Admittedly, if it is 60 days behind, that doesn't mean it is not going to be paid. But when you are in a situation like that, 70 percent—and delinquent I presume is behind 60 days or more—obvouusly you have got some deep trouble with this portfolio, and it might well wipe out the $133 million you have got in your revolving fund. Do you then have to take all the appropriation you have received for 1982, or is it earmarked for public works or research and evaluation, only a certain amount for the revolving fund?

Mr. CAMPBELL. Senator, I hope I understand you correctly in this regard. We would not expect to need to use program moneys that are appropriated for covering defaults Is that what you are tinking?

Senator CHAFEE. That is my question In other words, we could have a situation where you would be going ahead with new programs—by new programs, new loans—whereas at the same time you might be unable to meet your guarantees on old programs.

Mr. CAMPBELL. That would be a very tenuous position. First of all, as you well recognize, the guarantee program is an off-budget item. But the integrity of the loan process indeed requires reasonable reserves. I would say we are, to use an old Navy term, if you don't mind, Senator, we are kind of "redlining" at this point, and it is a very tenuous situation. But I would not anticipate, Senator Chafee, a demand against the program funds. I would expect we would be able to survive within the context of what we currently have in the revolving fund.

Senator CHAFEE. I see, fine. Thank you, Mr. Chairman.

Senator STAFFORD. Thank you, Senator Chafee.

Senator Randolph, do you have any questions?

Senator RANDOLPH. Yes, thank you, Mr. Chairman.

First of all, I want to ask you whether you believe that the Congress when it passed the Economic Development Administration did what it should have done?

Mr. CAMPBELL. Senator Randolph, I respect the laws Congress passes. I feel that the Congress indeed acted wisely, as it usually does, and I would never want to be put in a position to disagree with what clearly, particularly on the Senate side, is the grestest intellectual body in the world.

Senator RANDOLPH. What was that word?

Mr. CAMPBELL. Well, I would say both intellectual and legislative.

In due respect, Senator Randolph, I am not going to disagree with you at all, sir.

Senator RANDOLPH. Are you familiar with the legislation? Has it been a good law? Has it been administered well? Have the cities, counties, and States benefited? Have the people benefited across the country by EDA?

Mr. CAMPBELL. I clearly, feel Senator Randolph, that there is a strong record of achievement historically for EDA.

Senator RANDOLPH. Then do you approve of the Reagan administration last March saying in effect, and in very strong language, we abolish this agency?

Mr. CAMPBELL. Senator I clearly and enthusiastically support the President.

Senator RANDOLPH. Well, it is good that you can both support the act as it was passed and carried forward and when it is to be abolished you can say that is right, too. How do you tell us that?

Mr. CAMPBELL. I respect the legislative process as it is finalized. At the same time, I recognize the prerogative of the President to propose and indeed the power of the Congress to dispose.

Senator RANDOLPH. Well, I won't get very far if I continue this for an hour along that line. But I disagree with you. And I am very earnest in my disagreement, very earnest. It has been said that the administration has determined, as we note in the EDA program, because, among other reasons, its services are duplicated by other agencies, specifically, the Small Business Administration and the Farmers Home Administration. It is my understanding, Mr. Chairman and members of the committee, that the Small Business Administration can make only loans of, let's say, $500,000 to a small business. Furthermore, FHA is limited to small communities, and it is really a limited authority for grants and provides no help in a specific way for a distressed community. Would you explain to us the areas of overlap and how other agencies can take over the services of the Economic Development Administration and do a good job?

Mr. CAMPBELL. Senator, the areas of duplication that you speak of address the following: first of all, the Department of Housing and Urban Development, as you know, administers the community development block grant program. I believe the 1982 and 1983 authorization levels are in the area of about $4 billion. And the urban development action grant program, which is certainly an urban program, under HUD as well, is about $500 million. The language in the authorization bill, which I have reviewed, and the guidelines associated therewith

do allow for most of what previously could be done by the Economic Development Administration in terms of public works development. The cities, and the States, with a 30-percent set-aside under the community development block grant program, again have the latitude to operate in the area of economic development, both with respect to the public, or I should say nonprofit and public institutions.

On the loan side, the Small Business Administration does have a cap, I understand, of about $500,000 on their loans; there is also a guarantee program that is available in the Farmers Home Administration, a business loan program that is directed principally toward rural areas. So in these areas we see a degree of overlap or duplication.

Senator RANDOLPH. Mr. Campbell, I enjoyed talking with you when you very thoughtfully visited our office. You said in our discussion that EDA has not received authority to spend funds provided under the continuing resolution which expires on November 20. Now was such authority requested from the Office of Management and Budget?

Mr. CAMPBELL. We have received a warrant from OMB for salaries and expenses but not for program funds. To my knowledge, the authority has not yet been requested for program funds.

Senator RANDOLPH. We have had some experience, Mr. Chairman, with impoundment of funds. Is that impoundment of funds?

Mr. CAMPBELL. Senator Randolph, I have to ask for your indulgence because I am not an attorney and I am not prepared to address that impoundment issue.

Senator RANDOLPH. In recent months EDA has been reducing its staff, you have said, I presume in both Washington and throughout the country.

Mr. CAMPBELL. That is correct.

Senator RANDOLPH. If you can, give us the impact of the reductions of staff, figures if you have them, if not we will understand, and the level perhaps of the future cuts that you would expect to be made?

Mr. CAMPBELL. Senator Randolph, I can provide you very exact figures for the record. If it is appropriate, I can give you round figures at this time.

Senator RANDOLPH. Would you give us those.

Mr. CAMPBELL. When we started the reduction in force on or about August 1981, we had approximately 747 people in the six regional offices and headquarters office, including the 47 economic development representatives. We initially moved forward with an agency-wide reduction in force that would pare us down to 471 people at the end of September, effective September 29, 1981. However, there was some concern expressed by the congressional Committees on Appropriations and language was put in the continuing resolution that require us to maintain in force, the 47 economic development representative positions. Consequently, the net result of that was to postpone the reduction in force, the RIF's in the regional offices, and to hold the 47 economic development representatives in place. We did continue with the headquarters reduction in force. So that brought the total number down at headquarters; it was reduced by about a 100.

In terms of where we are now, we have about 520 positions. I better just check this because these are a lot of numbers. The intent was to

move toward a little over 400 or equivalent thereof by the end of fiscal year 1982. But I can give you exact figures if you will allow me that opportunity.

Senator RANDOLPH. Yes, If you will supply them for the record.

Mr. CAMPBELL. Yes. (See p 102.)

Senator RANDOLPH. One question further and I will close, Mr. Chairman,

At the current status, when we look at the reconciliation bill, we find provision of funding in the amount of $290 million. Now in the House the action worked its way to $313.5 million. In the Senate subcommittee that work has not yet been completed because the subcommittee has not moved to the full committee; the figure of $226 million has been allocated. Now take those figures, Mr. Campbell, House and Senate, and you see a great difference in the administration's proposal of $40 million. Is that not correct?

Mr. CAMPBELL. That is correct, Senator Randolph.

Senator RANDOLPH. And only for the record, again, we would point out that when the amendment by Senator Mitchell, in which I was privileged to join as a cosponsor, was subject to recent rollcall, the result was 52 against and for it was 46. So we are dealing with something here that is nowise partisan. The program has been of both parties and the Members of the Senate strongly endorsing it, indicated by the vote I have just given and the amounts of money set forth. Yet, we are faced with the Reagan proposal of $40 million. I know you can't say anything more about it except that is a wide differential, is it not?

Mr. CAMPBELL. Senator Randolph, your observations are indeed correct.

Senator RANDOLPH. Mr. Chairman, thank you.

Senator CHAFEE [presiding]. Thank you.

Senator Mitchell.

Senator MITCHELL. Mr. Campbell, in his questioning of you, Senator Chafee touched upon the report regarding the status of the EDA portfolio. That portfolio is in serious condition, but I think it is important that we get straight what the actual condition is, and I am afraid several misstatements were made during the colloquy regarding that report.

First of all, I believe the question and the answer on several occasions indicated that the 40 percent included only loans delinquent for more than 60 days. Do you recall that question by Senator Chaffe and your answer?

Mr. CAMPBELL. Yes, sir.

Senator MITCHELL. The fact of the matter is, is it not, and I have the report right in front of me, that that 40-percent figure includes all loans delinquent in any respect including loans delinquent for less than 60 days; does it not?

Mr. CAMPBELL. Mr. Chairman, Senator Mitchell, I would have to go back to the report. I am of the impression that these were loans delinquent for periods in excess of 60 days.

Senator MITCHELL. Well, if you will go back to the report, you will find that the authors of the report placed the portfolio into eight categories—A, B, C, D, E, F, S and L. The 40-percent figure included

all of the categories other than A, B and C. That is, categories D, E, F, S and L signify various levels of activity and categories, and I am quoting now, "All loans delinquent less than 60 days paying with regularity for the last year." So that borrower who has paid with regularity for the last year and is now delinquent for less than 60 days was included in that 40 percent figure; is that not correct?

Mr. CAMPBELL. Senator Mitchell, if I could just take 30 seconds I would like to clarify one point.

Senator MITCHELL. Fine.

Mr. CAMPBELL. Senator Mitchell, your statement is correct. Is it appropriate for me to respond?

Senator MITCHELL. I want to make a further comment. The fact of the matter, those loans do not make up a large portion of the total, and there is a serious problem. But I think the problem is compounded by loose discussion which appears to make it seem much worse than it is. A borrower who has paid regularly during the past year and is now delinquent for less than 60 days, in your judgment, that doesn't qualify as a loan in default or about to default or in serious condition.

Mr. CAMPBELL. You are correct.

Senator MITCHELL. So when the authors of the report categorized everything from category D and below in distress ranging from seriously delinquent to a liquidation in process, would you agree that is an exaggeration for those loans in category D?

Mr. CAMPBELL. Senator Mitchell, I would respectfully question the term "exaggeration." I wouldn't say it is an exaggeration because we have the data before us to qualify it.

Senator MITCHELL. Well, let me ask you this. The President of the United States said last week we are in a recession. Did you hear him say that?

Mr. CAMPBELL. Yes.

Senator CHAFEE. Let's get the record straight. We are in a slight recession.

Mr. MITCHELL. That was last week. We haven't heard from him this week.

Senator CHAFEE. Well, that is what you are quoting, last week.

Senator MITCHELL. It is a fact, is it not, that delinquencies are increasing with respect to commercial lenders throughout the country; people are increasingly late on their payments because of the difficult economic circumstances?

Mr. CAMPBELL. Senator, that is correct. If I can respond, we are talking about a question of degree, how much.

Senator MITCHELL. Well, I am talking about including in here describing a loan in default or about to be in default or in serious delinquency, a loan in which a person has paid regularly over the last year and is now delinquent less than 60 days. We don't know what that is. It may be 1 day, 1 week, 1 month, a category of loans in default less than 60 days. I think it is important not to exaggerate the problem. The report makes it clear there is a serious problem.

Senator CHAFEE. We have a serious problem also. There is a vote on. I don't want to interrupt anyone. Senator Murkowski has some questions. Without pinning you down, how long do you think you will be?

Senator MITCHELL. Just a few more questions.

Let me ask you this. As you know, the President has tried very hard to kill EDA and the Congress has refused. So EDA is still on the books. I am not going to ask you about your view on the President or your view on the Congress. I am asking you about your personal view. Do you think personally that EDA should be killed?

Mr. CAMPBELL. Mr. Chairman——

Senator CHAFEE. I missed that question. Could you repeat it? I heard the preliminary, the President seeks to kill EDA. No question. Then what?

Senator MITCHELL. The Congress has refused.

Senator CHAFEE. So far.

Senator MITCHELL. So far. And I asked him for his personal view, what is his personal view wholly apart from the President. Does he personally think EDA should be terminated?

Mr. CAMPBELL. Senator Mitchell, in clear language, most respectfully, I support the President's proposal. It is indeed, as I said earlier to you, my position to fully respond and respect the laws as they are passed by the Senate and House of Representatives and signed into law by the President. My personal opinion is totally in line with my professional position, and that is that I feel that the Economic Development Administration within the context of the law, as it exists now, possibly has reached a point of diminishing returns and that the President's proposal makes sense. It is, in fact, a proposal, and we regard it as such.

Senator MITCHELL. Well, how can you in good conscience, accept a job to administer an agency that you think shouldn't exist?

Mr. CAMPBELL. Senator Mitchell, I would say, most respectfully, I think that is an appropriate position. I think that it is a responsible position if one is serious about reducing the size of the Government.

Senator MITCHELL. But what kind of enthusiasm and leadership can those of us who support EDA expect if you tell us it has outlived its usefulness?

Mr. CAMPBELL. Senator, you can expect from me the same type of leadership I exhibited as a naval officer and in the other positions I have held.

Senator MITCHELL. When you were a naval officer you believed in the mission of the U.S. Navy, did you not?

Mr. CAMPBELL. Absolutely.

Senator MITCHELL. But you don't believe in the mission you are about to undertake.

Mr. CAMPBELL. I do believe in the mission within the context of the time. I am saying most respectfully to you, Senator, that it is an appropriate position to say there is a cyclical nature to everything. The state of the art of economic development has grown significantly over the years. States have capacities they didn't have before. There are some very serious issues on a larger scale that have to be dealt with. When we have a condition such as we have within the agency, which we have tried to invite your attention to, I feel that the proposal of the President makes all the sense in the world. When we have issues of duplication and proliferation and we clearly show that the rates of delinquency are higher than those of other agencies, I would respectfully submit to you that our proposal is a very valid proposal. It is a proposal; it is not a final action. But

it is a proposal that I most respectfully and enthusiastically support, and that will in no way hinder my ability to lead, motivate, and effectively manage the agency should it be the wishes of this distinguished committee to approve my nomination.

Senator MITCHELL. Do you acknowledge that your first and foremost obligation is to faithfully execute the law as enacted by the Congress of the United States?

Mr. CAMPBELL. I fully believe you are absolutely correct.

Senator MITCHELL. Notwithstanding your loyalty to the President, can you assure this committee that Congress, having made a decision to continue the EDA and if that decision continues, that you will faithfully execute the laws as enacted by Congress and do your best to implement the intention of Congress as expressed in the statement of purpose in this legislation?

Mr. CAMPBELL. Senator Mitchell, I sasure you that that will be my position, and in fact I, at the appropriate times, would seek advice, as appropriate, of members of this committee and your staff.

Senator MITCHELL. As far as——

Senator CHAFEE. Let me just interject here. I think you have done very well in treading a narrow line which is a difficult one. Senator Mitchell is quite right in the questions he has asked, and I think you have done very well. You have been appointed by the President; you are a Presidential appointee. That is why you are here. Obviously, you can't turn your back on the man who is appointing you. I think you have done well in tiptoeing through a difficult area.

Senator, how much longer do you think you will be? The olny reason I am asking is now we have got 7½ minutes.

Senator MITCHELL. I have a short question, but it will probably take a little time.

Senator CHAFEE. Why don't you let Senator Murkowski ask one and we will return after the vote.

Senator MURKOWSKI. I very much appreciate that.

Mr. Chairman, I think Mr. Campbell's testimony, as I have heard, is most refreshing in the short time I have been on the committee. His acknowledgment of his area of responsibility, yet his willingness to go in and take over a department that has long been wrought with problems and associating realistic economic development with make-work programs, and I would hope, Mr. Campbell, under your leadership and commitment that this department can be substantially restructured so we can begin to at least see, with the limited funds available, whether we can effective create—and I use the word—"create" ecomonic development programs in this country that are in the best interests of our citizens. I don't think this necessarily has been the case up to this time.

Mr. Chairman, I thank you for the time.

Senator CHAFEE. All right, on that high note, why don't we recess and we will be back in 10 minutes. Why don't you just stay at the table.

Mr. Jantzen, also, we will be back to you.

We will stand in recess for 10 minutes.

[Brief recess.]

Senator MO[illegible]AN [presiding]. The committee will be in order, and we will continue the questions to our distinguished witness, Mr. Campbell.

Mr. Murkowski has not returned yet, so I will take the liberty, Mr. Campbell, if I can just first of all extend to you the welcome of the New York Senator on the committee, knowing you have been a New Yorker, and I hope you haven't forgotten us altogether.

Mr. CAMPBELL. Senator Moynihan, I certainly have not forgotten the fact I am a native New Yorker, and I have not forgotten my fellow citizens in the Empire State.

Senator MOYNIHAN. You are going to get along fine with this committee if they keep your job in existence.

I wanted to ask you, sir, just a specific New York question, but it looms in the consciousness of our State and in a sense of the country's politics. And this is the situation in the South Bronx which has become a symbol of urban decline and also of efforts to restore and reverse that decline. President Carter visited the area early in his administration. Governor Reagan, as he then was, during the campaign visited the area, the same place, and virtually found the situation unchanged.

But there are some real efforts, one of which has to do with so-called Hunt's Point, a truck plaza. In New York City, about the same time this happened in Covent Gardens in London and in Paris' Le Seul, moved its old product market out of the center of the city to a place where trucks could get to. We did it in one or two spots in Manhattan and created Hunt's Point which is accessible by ship and a good place for just that purpose. But being right on the outer reaches of the city, the farthest reaches of the Bronx, it has a problem—no place to stay there, no place to eat, and this has been giving trouble.

Hunt's Point Truck Plaza is a combination of secured parking area and a truck maintenance facility amd motel. There are a lot of people putting money into it, and that was mostly needed. The working capital seemed to be in good shape. But there was to be a loan guarantee of $12. 4 million. I correct myself, it was not that there was to be, but the people had hoped there would be. Nothing had been promised by EDA. But the application had been made, and you had to turn that down just in the last day of the fiscal year, I recall. We have since had a letter from Mr. Corrigan, who is your regional director in Philadelphia, to the vic president of the Dollar Savings Bank in the Bronx setting forth the conditions that would have to be met. Could I ask you just to comment generally on that because a lot is involved both in the substance and in sort of the symbolism in what you can do in older cities.

Mr. CAMPBELL. Mr. Chairman, first of all, I appreciate the opportunity that you provide to discuss this project, and I would like to say for the record that your office has been particularly helpful in providing a very stable and constructive environment to view this project objectively, while at the same time calling to the attention of the people within the decisionmaking process the sense of urgency that exists at Hunt's Point.

I, as I said earlier, am a son of New York, born in Harlem. I am familiar with Hunt's Point, the area to the east of Bruckner Boulevard. It is bounded by the Bronx River and the East River. I have been there, and I can appreciate the sense of urgency.

I would also say that no other project that I can recall reviewing, perhaps beyond the numbers, had a greater interest on my part. I have to say to you that we took no joy in denying the request for $12,378,000 in the form of a loan guarantee. We recognize that this was a project that was many years in its evolution, that a very courageous vice president of Dollar Savings Bank, Mike Durso, saw fit to commit the resources of that distinguished institution, that investors came on stream, although somewhat late, and that there was certainly clear evidence that this was a project of great significance to the residents of the South Bronx, and it enjoyed indeed bipartisan support from the office of the distinguished Senators from the Empire State as well as Congressman Biaggi. We labored over this decision arduously. What it got down to, Senator, is that the feasibility study, being over 3 years old, the economic projections for the cash flow required, or more specifically the rent structure necessary to service the debt, along with other aspects of the business plan were beyond the point to which we could attach conditions to a prospective guarantee. We attempted to keep this project alive with a conditional guarantee, but the conditions would have been so stringent it would have been unfair, it would have been inappropriate, and it would not have been something that was signed in good faith.

Senator MOYNIHAN. Let me see if I get you correctly. Are you saying given the information you had in September, say, that the only conditions on which you could have issued a guarantee would have been so strict, you are saying, that you don't think the guarantee would have been of any use? Is that the point?

Mr. CAMPBELL. They could not have been met, Senator Moynihan, considering, the debt to equity ratio requirements for the hotel and the difficulty encountered up with the cash. The investors came on stream, I believe around the 6th of September. The deadlines were not met. We realize they had difficulty, but they were running as hard as they could. They were doing the best they could under the circumstances. We tried to respond and review as it came in and move ahead, but we simply could not.

Senator MOYNIHAN. But now your region aldirector in Philadelphia, Mr. Corrigan, has sent Mr. Durso a letter with a set of conditions. Is it your impression it was in some feasibility that those conditions can't be met?

Mr. CAMPBELL. Mr. Chairman, we would like to think that these conditions are something they could meet and that we would have the resources to respond. However, in all due respect, we would say at this time the ball is clearly in their court. Our intent is to be able to respond as appropriate.

Senator MOYNIHAN. So you are saying to me that you are trying to be more practicable in the estimate of the new fiscal year, and you do tell me this because I may have to ask you this. If these conditions are met, are you in a position now, as it were, are your counts such that you could go ahead and say the guarantee is issued?

Mr. CAMPBELL. Mr. Chairman, we made it clear in the content of the letter that our response would have to be within the context of our guarantee authority, which at this point has not been determined.

Senator MOYNIHAN. I just have to be clear because I don't want to be unclear. OMB has not give you a number. Is that one way to say it?

Mr. CAMPBELL. That is correct, Mr. Chairman.

Senator MOYNIHAN. So you can't do anything until you get that number.

Mr. CAMPBELL. That is correct.

Senator MOYNIHAN. Can I ask you then, when you get that number, will you immediately inform this committee?

Mr. CAMPBELL. Yes, Mr. Chairman.

Senator MOYNIHAN The Congress gives you the authority in this matter and if OMB is going to limit it we would like to know what that limitation is. It is not in your power to decide what OMB does, but it sometimes can be in our power to influence what OMB can do. And we are going to have a lot of that before the next year is out.

[Information requested by Senator Moynihan follows:]

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

October 30, 1981

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

During my Confirmation Hearings before your Committee on Environment and Public Works on Tuesday, October 27, 1981, I understood Senator Daniel P. Moynihan to say that he wanted to be advised if the President submitted a deferral request on program funds for the Economic Development Administration (EDA).

The EDA Office of Congressional Affairs informed me today that on October 29, 1981, the President submitted a deferral request (82-98) to defer program funds for EDA under the continuing resolution that allows this agency to operate until November 20, 1981.

Sincerely,

Carlos C. Campbell
Assistant Secretary-Delegate
for Economic Development

Senator MOYNIHAN. Well, sir, thank you very much. You have agreed to do that, as I thought you would do. Senator Murkowski has not returned. I am going to say this: I am sure Senator Murkowski would be willing to submit his questions in writing. You will get the questions in writing from Senator Murkowski and I know you will respond promptly to them, as you have to the ones here. We thank you very much for appearing, Mr. Secretary-designate, and we look forward to your early confirmation and wish you luck with OMB, which is a faint expectation perhaps, but there is a committee in the U.S. Senate which expects OMB to carry out the law, too.

Mr. CAMPBELL. Yes, sir, Mr. Chairman, I understand you loud and clear.

Senator MOYNIHAN. Thank you very much. We congratulate you on your designation by the President.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Senator MOYNIHAN. The committee is now going to return to the nomination of Mr. Jantzen to be Director of the Fish and Wildlife Service. We are going to hear a panel of Mr. Hayden, the legislative counsel to the International Association of Fish & Game Agencies, and Mr. Lonnie Williamson, who is secretary of the Wildlife Management Institute.

STATEMENTS OF WES HAYDEN, LEGISLATIVE COUNSEL, INTERNATIONAL ASSOCIATION OF FISH & WILDLIFE AGENCIES, AND LONNIE WILLIAMSON, SECRETARY, WILDLIFE MANAGEMENT INSTITUTE

Senator MOYNIHAN. We are in a little bit of a pressure of time. The committee has disappeared, save me, and I have to be elsewhere. We welcome you. I wonder if you would go ahead with your statement. I am afraid I don't have the privilege of knowing either of you, so are you Mr. Hayden?

Mr. HAYDEN. Yes.

Senator MOYNIHAN. Mr. Hayden was formerly a member of the committee staff.

Mr. HAYDEN. Thank you, Mr. Chairman. In the interest of time I will summarize my statement.

Senator MOYNIHAN. Which will be put in the record.

Mr. HAYDEN. Yes, sir, we will offer it for the record in full.

Basically, the matter before this committee this morning is one of extreme importance to the International Association of Fish & Wildlife Agencies and it is one to which we have assigned a very high priority in recent months. As a matter of fact, this a very special occasion, because it marks the successful conclusion of an effort in which we have been engaged for the past several months, specifically, for the purpose of gaining the nomination and, hopefully, the confirmation of Bob Jantzen as the new Director of the Fish and Wildlife Service.

We regard him as the best possible qualified candidate for this position, one who is a competent and consummate professional, and we sincerely believe that the appointment of a professional for this particular assignment is extremely important and ultimately necessary if there is going to be a successful operation of the program.

Bob Jantzen's confirmation is important to us, Mr. Chairman. As a matter of fact, just to show you how important it is, I would mention the fact that at our recent annual meeting in Albuquerque, N. Mex., we adopted 14 resolutions for the association. Ten of those fourteen dealt directly with the mission of the Fish and Wildlife Service or subjects relating to its area of jurisdiction.

We believe that Bob Jantzen is the best possible man for the directorship at this particular time, not only from the standpoint of our organization but for the whole cause of sound and balanced conservation and management of fish and wildlife resources. We don't take a parochial position on it. We believe it is important not only to our organization but to the entire movement, to the welfare of the Fish and Wildlife Service itself, that has been operating for 10 months without permanent direction and desperately needs some specific positive guidance and direction. Under these conditions, our only regret is that the nomination has not come before now. We hope that it will be speedily acted upon by your committee and by the Senate so that this extremely and eminently qualified man can get on with the job for which he is so well suited.

Thank you.

Senator MOYNIHAN. In other words, you are for him.

Mr. HAYDEN. Yes, sir, in a word.

Senator MOYNIHAN. It sounds like the iron triangle: the committee staff, bureaucracy, and lobby. But there you go.

Mr. Williamson, please go ahead.

STATEMENT OF LONNIE L. WILLIAMSON

Mr. WILLIAMSON. Mr. Chairman, I am Lonnie Williamson, secretary of the Wildlife Management Institute, and we are for him too.

We are pleased to support the confirmation of Bob Jantzen as Director of the U.S. Fish and Wildlife Service. I have personally known Mr. Jantzen for more than a decade and worked very closely with him on a variety of State and National resource issues. Other people at my organization have worked with him much longer. During the time that I have been acquainted with Mr. Jantzen, he was director of the Arizona Game and Fish Department and served as president of the International Association of Fish & Wildlife Agencies, was president of the Western Association of Fish & Wildlife Agencies and served as chairman of the National Waterfowl Council.

Within the wildlife management profession, Mr. Jantzen is regarded as a proficient biologist and program administrator. He has contributed generously to improving and advancing scientific wildlife management through the Wildlife Society, which is an organization of professional managers, scientists, teachers, and administrators with members in 70 countries. He has served as regional representative for the society and as a member of its executive council. He is a charter member of the society's Arizona chapter, by the way.

The institute had a unique opportunity in 1977 to study the Arizona Game and Fish Department when its commission asked that we evaluate the agency's "efficiency, organization, program and financial status" and to produce a report of our findings. I might point out that the institute has been requested to provide this service to 39 States

and four Canadian Provinces over the years. Therefore, it is with firsthand knowledge of wildlife program administration in general and Mr. Jantzen's abilities in pa. ticular that we believe he has the training, experience, and commitment to be Director of the U.S. Fish and Wildlife Service.

Mr. Chairman, that concludes my statement, but, with your permission, I would like to offer for the record, and have been asked to offer for the record, a letter from the Wildlife Society, which was unable to be represented her today, in support of Mr. Jantzen.

Senator MOYNIHAN. Happy to do that. (See p. 91.) Thank you, Mr. Williamson.

Mr. HAYDEN. Mr. Chairman, there is one other point I would like to make also, that the American Forestry Association called me this morning and asked to be associated with the full statement that we are submitting.

Senator MOYNIHAN. All the lobby is getting in on the nomination. Thank you very much, gentlemen.

There has to be something the matter with this fellow.

Mr. Berlin, Dr. Brown, and Dr. Wentz, will you come forward. You are the panel in opposition, I take it.

STATEMENTS OF KENNETH BERLIN, COUNSEL AND LEGISLATIVE DIRECTOR, WILDLIFE PROGRAMS, NATIONAL AUDUBON SOCIETY; W. ALAN WENTZ, DIRECTOR, FISHERIES AND WILDLIFE PROGRAM, NATIONAL WILDLIFE FEDERATION; AND WILLIAM BROWN, SENIOR STAFF SCIENTIST, ENVIRONMENTAL DEFENSE FUND

Senator MOYNIHAN. I guess we will hear first from Mr. Berlin, who is counsel for the National Audubon Society, in support of. All right.

Mr. BERLIN. I think we all, Mr. Chairman, are also in support of Mr. Jantzen.

During the past 9 months, the National Audubon Society has frequently expressed concern over the direction and policy of the Department of the Interior.

Senator MOYNIHAN. That has come to our attention.

Mr. BERLIN. I am sure.

Much of that concern has arisen over proposed policies the Fish and Wildlife Service is considering. In general, these prospective actions have made us question whether the Fish and Wildlife Service continues to maintain the goal and objective set forth in its current service management plan to "provide the Federal leadership to conserve, protect and enhance fish and wildlife and their habitats for the continued benefit of people."

National Audubon's concern over future policy stances of the Fish and Wildlife Service makes all the more welcome the nomination of Robert A. Jantzen to direct the Service. Many individuals within National Audubon have known Mr. Jantzen for years and have respected his knowledge, dedication, and professionalism. As director of the Airzona Game and Fish Department, Mr. Jantzen showed the kind of professional leadership we believe is necessary from a Director of the Fish and Wildlife Service.

As I have just indicated, Mr. Chairman, that leadership is coming just in time. In the next few months, the Service will implement or reject policies affecting the National Wildlife Refuge System, the Endangered Species Act, and wetlands and habitat acquisition that raise serious questions about the future of our Nation's fish and wildlife resources.

Those policies would affect, in particular, the National Wildlife Refuge System. If implemented, they would seriously reduce its utility in the short run and threaten irreparable damage in the long run. Among such policies, and I will try to summarize, are: the development of a hit list of refuges that the Service may consider for deauthorization

Senator MOYNIHAN. Refuges, not refugees.

Mr. BERLIN. You are right. I am the second person that has done that today.

The consideration of a proposal that would circumvent the National Wildlife Refuge and Wilderness Acts by transferring land on St. Matthews Island in Alaska to an oil company without public debate; the continuation of excessive grazing on the Russell, Kofa, and Sheldon Game Refuges despite prior legal and congressional action; the consideration of offroad vehicle use on several national wildlife refuges including Back Bay in Virginia, again despite all legal precedent; and the transfer of Matagorda Island to the State of Texas. We believe that each of these acts is contrary to the best interests of the Service, the fish and wildlife, and the Nation, and also that many are illegal.

Recent actions of the Service with respect to the Endangered Species Act have caused equally great concern. We believe the Service will violate its mandate if it proposes excessive budget cuts for the Endangered Species Act, evidences lack of interest and dedication in new listings of endangered species, continues to consider a listing priority scheme that is contrary to express congressional intent and which shows a complete misunderstanding of the reasons why we protect endangered species, fails to support the reauthorization of a strong and effective Endangered Species Act next year, and fails to support a strong and effective convention on international trade in endangered species.

In the wetland and habitat acquisition areas, Secretary Watt has in the last few days expressed support, which the National Aububon Society welcomes, for wetlands acquisition. We remain to be convinced that such support will really protect wetland species, including waterfowl, until the Service: (1) gives strong support to reauthorizing section 404 of the Clean Water Act; (2) fights for a land and water conservation fund budget that contains adequate funds for habitat acquisition by the Fish and Wildlife Service; (3) supports funding for the acquisition of authorized refuges designed to protect wetlands like the Tensas, Bogue Chitto, and Trustom Pond; (4) reopens the Jamestown, N. Dak., wetlands acquisition office, the most important in the Nation, and (5) supports a strong Fish and Wildlife Coordination Act.

The list of problem areas I have outlined, by no means complete, is one that Mr. Jantzen will have to face in the months ahead. We are confident that he will approach these problems wisely and with the

goals and purposes of the Fish and Wildlife Service in mind. Whatever the ultimate outcome within the administration of the debate on these points, we expect Mr. Jantzen and the Fish and Wildlife Service to strongly support protection of the fish and wildlife or refuges involved.

Mr. Jantzen also faces additional challenges that have existed for many years, including the difficult question of how the Federal and State governments should allocate wildlife management responsibilities. Failure to resolve this issue has created great tensions that have seriously hurt the Nation's overall ability to protect fish and wildlife. We hope to be able to work closely with Mr. Jantzen to come up with a solution that fairly allocates responsibility while providing effective protection and management for fish and wildlife.

Mr. Jantzen also faces the important and no less challenging task of continuing and improving programs that enjoy strong support in this administration. Among such programs are the recently expanded law enforcement program. Although achieving great success in stopping illegal wildlife trade, the program is still seriously understaffed and underfunded. To succeed in protecting the Nation's wildlife, the program needs a strong advocate within the Fish and Wildlife Service, and we believe that Mr. Jantzen can and should play that role, and we will certainly try to insure that he does in the months ahead.

Senator MOYNIHAN. Mr. Berlin, thank you for your testimony.

Before turning the chair back to the chairman, I wonder, is this paragon of all exological objectives present in the room? Is Mr. Jantzen here?

Mr. BERLIN. Yes, he is.

Senator MOYNIHAN. I just wanted to know. Mr. Jantzen, are you a fisherman?

Mr. JANTZEN. Yes, sir.

Senator MOYNIHAN. Are you trout fisherman?

Mr. JANTZEN. Yes.

Senator MOYNIHAN. Do you fish with dry fly?

Mr. JANTZEN. Yes, sir.

Senator MOYNIHAN. You will do.

Mr. Chairman, I have to leave.

Senator CHAFEE [presiding]. Thank you, Mr. Berlin. We have worked together in the past and we look forward to working with you in your position as counsel for the wildlife programs of the National Audubon Society in the future. And I share with you your high view of Mr. Jantzen.

OK, Dr. Wentz.

STATEMENT OF DR. W. ALAN WENTZ

Dr. WENTZ. Thank you very much. I will shorten my testimony and include the full statement for the record.

Senator CHAFEE. We will do that.

Dr. WENTZ. The National Wildlife Federation is very pleased to be able to support President Reagan's nominee for Director of the U.S. Fish and Wildlife Service. We are pleased that President Reagan has seen fit to nominate an individual who is so well qualified as a natural resource professional and we hope that this stresses the point

that the position of Director of the U.S. Fish and Wildlife Service should be filled on the basis of qualifications rather than political affiliation.

Mr. Jantzen has had a long career in the State of Arizona and management, one that has been amplified here today.

Over the years, the National Wildlife Federation has attempted to fill the role of being part of the public conscious of the Fish and Wildlife Service. In that role we have often been supporters of and advocates for the policies and activities of the Service. On the other hand, we have not hesitated to act against an occasional misdirected or ill-conceived venture of the agency.

During the several months that the Reagan administration has been in office, we have seen the programs of the Fish and Wildlife Service suffer greatly in the budgetcutting process. While we understand and appreciate the need to reduce Federal spending, we have been disappointed in the manner that some cuts have been determined. We are hopeful that with the appointment of Mr. Jantzen we will see a return to professional quality leadership in the Service and the agency will exercise considerably more guidance in determining its own fate than we have seen in the recent past.

The National Wildlife Federation is especially concerned that the Fish and Wildlife Service maintains a strong role in those wildlife activities that are within the Federal responsibility. These responsibilities include, but are certainly not limited to: The management of waterfowl and other migratory birds, including research and the acquisition of habitat, especially wetlands, for the species; the management, protection and enhancement of anadromous fish; the protection and enhancement of endangered species; and a variety of coordination functions at the State, national, and international level.

Again, I wish to stress that the National Wildlife Federation is pleased that President Reagan has chosen to appoint such a highly qualified individual as Mr. Robert Jantzen. We look forward to working with him in his capacity as Director and we urge this committee and the full Senate to confirm this appointment as rapidly as possible.

Thank you very much.

Senator CHAFEE. Thank you, we will doctor. I must say it is nice to have the National Wildlife Federation enthusiastic about this. Just in passing, what do you mean when you say in your opening paragraph of your prepared testimony that you have 4 million members and supporters? Is there a difference?

Dr. WENTZ. We have individuals who are members and individuals who support NWF through contributions but don't choose to become members.

Senator CHAFEE. How many members do you have?

Dr. WENTZ. We currently have 818,000 associate members who subscribe to our National Wildlife magazine. Approximately the same number (813,000) subscribe to the Ranger Rick magazine. We also have 1,183,000 individuals who are members of our affiliated organizations in the 50 States and 3 territories.

Senator CHAFEE. OK, fine, thank you very much.

Now to you, Dr. Brown.

STATEMENT OF DR. WILLIAM Y. BROWN

Dr. BROWN. Mr. Chairman, the Environmental Defense Fund supports the appointment of Robert Jantzen as Director of the U.S. Fish and Wildlife Service. We believe that the absence of a permanent director in the Reagan administration has seriously hampered the Fish and Wildlife Service in carrying out its conservation mandates. Mr. Jantzen has a long history of professional experience in wildlife conservation, and we believe that his guidance will help the Interior Department reassert its proper role of national leadership in conservation.

EDF has been endeavoring throughout this year to persuade the Interior Department to fulfill its wildlife conservation responsibilities. Our efforts have been made difficult by the fact that the leaderless Fish and Wildlife Service has been without an effective advocate within the policy councils of the Department. As a result, many programs for which the Service is responsible have suffered. This is particularly true with respect to the endangered species program. It took the new Interior administration more than 8 months before it agreed to protect any new species under the Endangered Species Act. That action was taken only after EDF served formal notice of its intention to sue to compel the protection of these species. More generally, the Department has opted to deemphasize the listing of endangered and threatened species, under the guise of greater attention to recovery efforts for species already listed. This policy fails to recognize that listing a species automatically triggers the consultation procedures and substantive requirements of section 7 of the Endangered Species Act, which in many cases are perhaps the most significant tools in assuring the opportunity for recovery of endangered and threatened species. Moreover, the Department has abandoned the critically important recovery efforts which have been carried out by State wildlife agencies with matching Federal funding. We are certain that Mr. Jantzen appreciates the importance of State endangered species programs and the significance of Federal funding to their operation. We expect also that his professional experience will enable him to evaluate objectively the interrelationship between the listing and the recovery of endangered and threatened species.

A second Service program direly needing the attention of an effective Fish and Wildlife Service Director is the national wildlife refuge program. In 1979, the Fish and Wildlife Service, after a lengthy and comprehensive public review, developed a set of sound, conservation-oriented policies for the refuge system. In its first few months, the new Interior Department leadership has shown little regard for those policies and even less for the public procedures by which they were adopted. Perhaps sensing the Department's diminished commitment to continuing a strong refuge program, the State of Nevada has brought suit claiming title to Ruby Lake National Wildlife Refuge, the State of Virginia is about to file a similar suit with respect to Back Bay National Wildlife Refuge, and the State of Texas has renewed its efforts to secure title to the Matagorda Island portion of the Aransas National Wildlife Refuge.

In the face of these challenges, the Fish and Wildlife Service surely needs a Director who understands the mission of the national wildlife refuge system and is committed to administering that system in the way that Congress clearly commanded.

The problems discussed above are only a few examples of many recent actions of the Interior Department which reflect the absence of sound wildlife conservation leadership in the Service. We expect that Robert Jantzen will provide the necessary leadership. From my personal experience I know that Bob Jantzen is a thoughtful man, with a willingness to listen and a deep-rooted commitment to the conservation of wildlife resources. We look forward to a revitalization of the Fish and Wildlife Service through Mr. Jantzen's appointment. To be sure, if we are disappointed, we will continue to do battle with the Interior Department. However, we are banking on Mr. Jantzen, we congratulate him on his new job, and we look forward to cooperating with him in the conservation of this Nation's wildlife resources.

Thank you, Mr. Chairman.

Senator CHAFEE. Well, thank you, Dr. Brown. Let me just say this. As one Senator, I deeply admire the role that you and NRDC and such groups undertake. It is sometimes a thankless role. Sometimes you are looked on with suspicion as always going to litigation. But I think you serve a very, very useful function in the efforts to see that the laws that we pass are actually carried out. And the same applies to the National Audubon Society and National Wildlife Federation and Sierra Club and all the other organizations. Let me just express my appreciation for what you are doing. Obviously, you hope it won't be necessary.

I must say I was a little taken aback on page 3 when you says these States are bring suit claiming title to these wildlife refuges. On what grounds can they bring suit?

Dr. BROWN. What is happening with respect to Matagorda Island is very complex.

Senator CHAFEE. Don't give me a complex one, give me a simple one. Take the State of Nevada claiming title to Ruby Lake.

Dr. BROWN. I confess I wish my colleague Micnael J. Bean were here.

Senator CHAFEE. The State of Virginia is about to file a similar suit with respect to Back Bay National Wildlife Refuge. I am not trying to embarrass you, I am trying to find what grounds can a State sue to get title to national wildlife refuges? Is there something I am missing or is it some peculiarity of the original deeds that conveyed the land to the Federal Government? If you want to go to your more complicated one, go ahead.

Dr. BROWN. I will make an effort with respect to the first two.

Senator CHAFEE. No, to the the one you are most comfortable with, but don't make it complex.

Dr. BROWN. In general, Mr. Chairman, with respect to all three of these, the legal issues relate to the nature of the conveyance and, ultimately, validity of title.

Senator CHAFEE. The original conveyance?

Dr. BROWN. Yes. With respect to Matagorda Island, for example, there has been some question as to whether the piece of land that is in controversy entered the national wildlife refuge system. We are,

of course, of the opinion that it is within the system. But, as you may know, for some time that area was part of the lands administered by the Air Force and was managed under a cooperative agreement as part of the Aransas Refuge. That is the kind of issue that can generate legal controversy.

Senator CHAFEE. When the State tries to get title under a situation like this, and obviously we can't generalize too much, but are they trying to obtain it because the State wishes to incorporate it into its wildlife program or are they trying to get it for development, or what?

Dr. BROWN. Well, that is a question which I can address. My experience has been that the situation varies. Wildlife agencies in the States, for the most part, are very concerned about the conservation of wildlife resources, just as the U.S. Fish and Wildlife Service traditionally has been. But it is a fact, and I think that you made something of this point earlier in this hearing, that the State in some instances are somewhat less able to resist the interests of development, for example, energy resources development.

Senator CHAFEE. Well, Mr. Jantzen obviously had to undergo that tremendous pressure in coming from his State, which he indicated was the second fastest growing populationwise in the Nation.

Dr. BROWN. Well, I think Mr. Jantzen has done an admirable job in the State of Arizona in generally resisting the forces of development when they were contrary to wildlife resource conservation. But I am sure Mr. Jantzen, wearing his new Federal hat, with some greater distance from those who are more immediately involved, can give greater strength to the preservation of wildlife resources on these lands.

Senator CHAFEE. I see. OK thank you.

Mr. Jantzen, I would just like it if you would come up to the table after these gentlemen leave. I have one more series of questions.

Thank you, gentlemen.

Mr. Jantzen, in your new job, which I hope we can rapidly get you confirmed in, it seems to me it is going to require all kind of ingenuity and alertness and innovativeness to new ways of acquiring land, whether it is some deal you work out with Audubon that doesn't want to staff their lands anymore or whether it is some kind of an easement or whether it is some kind of a gift that retains a life interest in the donor. Could you give me your thoughts on that type of approach, and did you ever do that innovative technique to acquire lands when you were in Arizona?

Mr. JANTZEN. Mr. Chairman, you are absolutely correct. There will have to be innovative ways of acquiring and protecting wildlife habitat. I am familiar with the ones that you have mentioned. There may be others. I think it is incumbent on the Service to diligently search for those alternatives.

In my experience in the State of Arizona, we have had cooperative arrangements with the Nature Conservancy, for example. I understand there is a trust for public lands. They were not, to my knowledge, present in Arizona, but I have learned since I got back here they are apparently quite active in other parts of the United States. These types of organizations can help in a very positive sense with the protection, the long-term protection of significant wildlife habitat and wildlife resources. I think we must do that.

Senator CHAFEE. Yes; I just see it in my own State where we have the Audubon Society having lands and the Fish and Wildlife buying contiguous lands and indeed the Fish and Wildlife assuming the responsibility for the patrolling and management, if you would, of the whole parcel put together. Also, I would hope that you would have a counsel or avail yourself of counsel over there which you must have in the Department that would be alert to the gift tax advantages that might come with somebody giving you a remainder interest in a piece of land, for example, or an easement or something like that. It would disappoint me greatly if your Department took the view, without going deeply into the proposal, that you don't like it because it is too complicated, because I think you will have people come to you with weird proposals. Don't reject them out of hand, and see if you can't work your way through them for acquisition, because you know better than anybody that the funds available for acquisition are limited. And I think that the preservation of habitat is about a key a feature as we can undertake.

Mr. JANTZEN. I do not disagree, Mr. Chairman.

Senator CHAFEE. Let me just say this, Mr. Jantzen. We on this committee are all allies of yours. We want to help you. And if you have difficulties or challenges or problems, feel free to come to us, because this is a cooperative arrangement. The people who are on this committee are on it because they believe in the environment. They want to see you be able to do your job successfully, and we will do everything we can to help you.

Mr. JANTZEN. Mr. Chairman, thank you very much, and I sincerely look forward to working with the committee and the staff.

Senator CHAFEE. That completes our hearing. We appreciate everybody coming here.

[Whereupon, at 12:37 p.m., the committee recessed, to reconvene subject to call of the Chair.]

[Material submitted for the record relative to both nominations follow:]

Statement by Senator Barry Goldwater
Confirmation Hearings on Bob Jantzen, Director,
Fish and Wildlife Service, Department of the Interior

October 27, 1981

Mr. Chairman, It gives me great pleasure to have this opportunity to say a few words on behalf of Bob Jantzen at his confirmation hearings as Director of the Fish and Wildlife Service. It goes without saying that I have been a big supporter of Bob's since the very beginning and I was starting to wonder if this Administration really knew what kind of a fellow it had with Bob Jantzen. He's a man of fine character who brings to this Administration and to the Fish and Wildlife Service, professionalism and a sound background in those areas under the Service's jurisdiction; and, he is very knowledgeable, indeed, in the principles of fisheries and wildlife management.

We in Arizona are obviously very proud of Bob's accomplishments. He has been the Director of our Game and Fish Department since June of 1968. Before that, he was Chief of the Department's Game Management Division; and previous to being a Big Game Supervisor, he was a research biologist. I think he knows all there is to know about fish and wildlife and their importance and relationship with our natural resources.

As Director of the Arizona Game and Fish Department, Bob has never failed to provide me with timely responses that have been comprehensive and which reflect an understanding of the issue at hand. If there was to be a conflict in the offering between the Interior Department and the Game and Fish Department, he invariably came up with a compromise satisfactory to both parties. I would venture to say Bob is going to be an asset to Secretary Watt; he's a wildlife professional with great support from conservationists and national and international wildlife organizations; in fact, Bob is a past president of one of those groups, the International Association of Fish and Wildlife Agencies.

In summary, he is an able administrator who knows what he's talking about and I think we're darn lucky to have someone of Bob Jantzen's caliber on board.

Thank you, Mr. Chairman.

Statement
by
Honorable John J. Rhodes
before the
Senate Committee on Environment and Public Works
on the nomination of
Mr. Robert A. Jantzen
October 27, 1981

Mr. Chairman and Members of the Committee. It is a genuine pleasure for me to have this opportunity to appear before you in support of Mr. Robert A. Jantzen, President Reagan's nominee to serve as Director of the U.S. Fish and Wildlife Service.

I, like many others, have been impressed with the general quality of the individuals the Administration has nominated to head the various departments and agencies of the Federal government. Without question, the selection of Bob Jantzen must be viewed as one of President Reagan's truly outstanding appointments.

In my opinion, Mr. Chairman, Bob Jantzen is eminently qualified to serve as Director of the U.S. Fish and Wildlife Service. Following his graduation from the University of Arizona in 1953 with a degree in Wildlife Management, he joined the Arizona Game and Fish Department. Through the years he has served as a district and research biologist, a big game manager, chief of the Department's Game Management Division, and for the past 13 years, director of the entire department.

These are impressive credentials, but perhaps more important, is the outstanding reputation he has established for himself. Because of his keen appreciation for the need to balance legitimate uses of wildlife resources with prudent conservation practices, Mr. Jantzen holds the respect of all Arizonans having an interest in wildlife management - sportsmen, conservationists,

ranchers and business entities.

Mr. Chairman, the President has made an excellent choice in selecting Bob Jantzen to be the Director of the Interior Department's Fish and Wildlife Service. I urge the Committee to favorably consider his nomination.

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STATEMENT OF INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES TO SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE IN SUPPORT OF THE NOMINATION OF ROBERT A. JANTZEN TO BE DIRECTOR OF THE U.S. FISH AND WILDLIFE SERVICE. October 27, 1981

Mr. Chairman, the matter before your committee this morning--the nomination of a new Director for the U.S. Fish and Wildlife Service--is a matter of over-riding importance to the International Association of Fish and Wildlife Agencies and one to which we have assigned a very high priority in recent months.

As an organization dedicated to the cause of sound and balanced conservation and management of the resources with which our members are involved, we have an obvious and substantial interest in the agency's administrative and operating policies and in the quality of leadership it can provide in the furtherance of those objectives.

For that reason we particularly welcome the chance to share with you our assessment of the man whose name is before you today.

It is a question that can be answered very simply and without equivocation.

In the view of our membership, Bob Jantzen is totally and uniquely qualified by the knowledge, experience and philosophy acquired over a quarter-century in the wildlife management field to undertake the challenging and demanding assignment for which he has been selected.

He is, in short, a consumate and highly competent professional in an area where that is essential to any real and lasting success.

We applaud the Administration's perception in recognizing the essential value of those qualifications and for its decision to propose him for the appointment.

In our judgement the record of these hearings will reflect clearly how broadly those views are shared.

Admittedly there are practical as well as philosophical reasons for our support of the Jantzen nomination. As a former President of this Association he has direct and personal knowledge of our mission and objectives. As Director of the Arizona Fish and Game Department for 13 years before coming to Washington last April, he is well versed in both the problems facing other state and federal agencies in our membership and with the means of dealing with them.

His credentials also include past affiliations and official positions with the National Waterfowl Council, the Pacific Flyway Council and the Colorado River Wildlife Management Council.

With that background it appeared obvious to us that his appointment as Fish and Wildlife Director would contribute to a smooth and effective working relationship between the agency, our organization and its individual members.

On that basis he became our first choice for the assignment early this year and has remained so throughout our continuing effort since that time to secure the nomination of a wildlife professional.

If the need for such qualifications was evident this, however, it is doubly so now. Federal budget restrictions and a growing move to shift more program responsibilities to the states are creating a whole host of new problems for wildlife resource managers. It will require new approaches and innovative actions on the part of both state and federal agencies and an even closer cooperative effort to conceive and implement those solutions.

So our interest in the nomination at issue is more than a parochial consideration.

In our judgement Bob Jantzen's confirmation and appointment is also important and necessary for a number of other reasons.

It will, first of all, give the Fish and Wildlife Service a new and urgently needed sense of guidance and administrative policy direction which it has not been able to maintain in the past 10 months without a permanent director.

It will give Interior Secretary Watt and Assistant Secretary Arnett the man both have said publicly and repeatedly they want as the third member of their departmental management team.

And finally, it will offer significant new prosepcts for the future health and vitality of wildlife resources which are a part of the nation's heritage, as well as for the success of those involved in management efforts.

Our only regret now is that the appointment has not come sooner.

We commend your committee for moving so quickly after you received the nomination. Hopefully the final steps to appointment can be taken with equal dispatch, so that the new Director can get on with the job for which he is so eminently qualified.

NATIONAL WILDLIFE FEDERATION
1412 Sixteenth Street, N.W., Washington, D.C. 20036 202—797-6800

STATEMENT OF THE
NATIONAL WILDLIFE FEDERATION
BEFORE THE
SENATE ENVIRONMENT AND
PUBLIC WORKS COMMITTEE

ON THE
NOMINATION OF
MR. ROBERT JANTZEN
FOR DIRECTOR OF
THE U.S. FISH AND WILDLIFE SERVICE

OCTOBER 27, 1981

PRESENTED BY:

DR. W. ALAN [illegible]ENTZ, DIRECTOR
FISHERIES & WILDLIFE PROGRAM
NATIONAL WILDLIFE FEDERATION

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The National Wildlife Federation (NWF) is pleased to be able to support President Reagan's nominee for Director of the U.S. Fish and Wildlife Service, Mr. Robert A. Jantzen.

The NWF is a private, not-for-profit, conservation-education organization of over four million members and supporters, with affiliate organizations in all fifty states, Guam, Puerto Rico, and the Virgin Islands. NWF, our affiliate organizations, and individual members have strong interests in the goals, objectives, and day-to-day operations of the U.S. Fish and Wildlife Service.

Our review of Mr. Jantzen's credentials indicate that he more than meets the legal qualifications for this important post. We are pleased that President Reagan has seen fit to nominate an individual who is so well qualified as a natural resource professional and we hope that this stresses the point that the position of Director of the U.S. Fish and Wildlife Service should be filled on the basis of qualifications rather than political affiliation.

Mr. Jantzen has had a long career in wildlife administration and management. Although he has worked in the State of Arizona throughout that career, he has also been very active on the national scene in wildlife affairs. Mr. Jantzen has been Chairman of the Pacific Flyway Council, Chairman of the National Waterfowl Council, President of the Western Association of Fish and Wildlife Agencies, and has held numerous offices, including President, in the International Association of Fish and Wildlife Agencies. Bob Jantzen has also served his profession through his activities with The Wildlife Society, where he has served as Regional Representative

for the Southwestern U.S. and in a variety of other local and regional offices.

Over the years, NWF has attempted to fill the role of being part of the public conscious of the Fish and Wildlife Service. In that role we have often been supporters of and advocates for the policies and activities of the Service. On the other hand, we have not hesitated to act against an occasional misdirected or ill-conceived venture of the agency.

During the several months that the Reagan Administration has been in office, we have seen the programs of the Fish and Wildlife Service suffer greatly in the budget cutting process. While we understand the need to reduce federal spending, we have been disappointed in the manner that some cuts have been determined. We are hopeful that with the appointment of Mr. Jantzen we will see a return to professional quality leadership in the Service and the agency will exercise considerably more guidance in determining its own fate than we have seen in the recent past.

NWF is especially concerned that the Fish and Wildlife Service maintains a strong role in those wildlife activities that are within the Federal responsibility. These responsibilities include, but are certainly not limited to: the management of waterfowl and other migratory birds, including research and the acquisition of habitat for these species; the management, protection, and enhancement of anadromous fish; the protection and enhancement of endangered species; and a variety of coordination functions at the state, national and international level.

Again, I wish to stress that NWF is pleased that President Reagan has chosen to appoint such a highly qualified individual

as Mr. Robert Jantzen. We look forward to working with him in his capacity as Director and we urge this Committee and the full Senate to confirm this appointment as rapidly as possible.

Thank you.

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ROOM 5219 DIRKSEN OFFICE BLDG
CAPITOL HILL DC

THIS MESSAGE WILL CONVEY OUR UNQUALIFIED SUPPORT FOR MR BOB JANTZEN FOR THE POSITION OF DIRECTOR OF THE U.S. FISH AND WILDLIFE SERVICE. BOB'S LONG ASSOCIATION WITH THIS AGENCY AND OTHER WILDLIFE ORGANIZATIONS HAS EARNED OUR WHOLEHEARTED PROFESSIONAL RESPECT. YOUR SUPPORT OF THIS NOMINATION IN SENATE CONFIRMATION HEARINGS WILL BE DEEPLY APPRECIATED THROUGHOUT THE WILDLIFE CONSERVATION COMMUNITY.

CC: SENATOR HOWARD H BAKER JR
SENATOR PETE V DOMENICI
SENATOR JOHN H CHAFEE
SENATOR ALAN K SIMPSON
SENATOR JAMES ABNOR
SENATOR STEVE SYMMS
SENATOR SLADE GORTON
SENATOR FRANK MURKOWSKI
SENATOR JENNINGS RANDOLPH
SENATOR LLOYD BENTSEN
SENATOR QUENTIN BURDICK
SENATOR GARY HART
SENATOR DANIEL PATRICK MOYNIHAN
SENATOR GEORGE MITCHELL
SENATOR MAX BAUCUS

from STEVE N WILSON, DIRECTOR
ARKANSAS GAME AND FISH COMMISSION

1136 EST

11:44 EST

IPMPOMX WSH

WU 5248A (R5-79)

Kansas Fish & Game

BOX 54A, RURAL ROUTE 2, PRATT, KANSAS 67124
(316) 672-5911

REGIONAL OFFICES:

Northwest Regional Office
2204 Vine
Hays, Kansas 67601

Northcentral Regional Office
Box 489, 511 Cedar
Concordia, Kansas 66901

Northeast Regional Office
3300 S.W. 29th Street
Topeka, Kansas 66614

Southwest Regional Office
808 Highway 56
Dodge City, Kansas 67801

Southcentral Regional Office
Box 764, 204 West Sixth
Newton, Kansas 67114

Southeast Regional Office
222 West Main Building
Suite C & D
Chanute, Kansas 66720

October 19, 1981

Honorable Robert T. Staffort, Chairman
Senate Environment and Public Works Comm.
Room 5219 Dirksen Office Building
Washington, D.C. 20510

Dear Senator Staffort:

We have just recently learned of the White House nomination of Robert Jantzen for Director of the U.S. Fish and Wildlife Service. We would urge the selection of Mr. Jantzen for this important post. Bob has the necessary professional background and experience in fish and wildlife work. The selection of a professional fish and wildlife manager for the post of Director is essential.

Kansas urges your support of Mr. Jantzen for Director of the U.S. Fish and Wildlife Service.

Sincerely,

Bill Hanzlik

Bill Hanzlick, Director
Kansas Fish and Game Commission

jlr

North Carolina
Wildlife
Resources Commission
Archdale Building, 512 N. Salisbury Street, Raleigh, North Carolina 27611, 919-733-3391

October 21, 1981

MEMORANDUM

TO: Mr. Robert T. Stafford, Chairman
Senate Environment & Public Works Committee

SUBJECT: Directorship — U. S. Fish & Wildlife Service

This memorandum is written regarding the upcoming confirmation hearings for Directorship of the U. S. Fish & Wildlife Service.

The North Carolina Wildlife Resources Commission would like to take this means to express to all concerned our strong support for the nomination of Bob Jantzen to this most important wildlife resource administrative position.

We are confident that Bob Jantzen has excellent credentials and experience which will enable him to function as a professional wildlife program administrator for overseeing and guiding the varied facets of the U. S. Fish & Wildlife Service.

Bob's leadership ability and understanding of fish and wildlife management is well-documented via his Directorship of the Arizona Game & Fish Department — as well as his progression through the ranks within that Department. He has also served as Chairman of the Executive Committee, IAFWA; Second Vice-President, IAFWA; First Vice-President, IAFWA; and President, IAFWA. I am sure that you are familiar also with the many other job-related wildlife activities which lend uniqueness to Bob's consideration for this post.

We appreciate the opportunity to support this nomination, and hope that you will see fit to continue to bring dedication and distinction to the Directorship of the U. S. Fish & Wildlife Service through the appointment of Mr. Bob Jantzen.

J. Robert Gordon

W. Vernon Bevill

CC: The Honorable Jesse Helms
The Honorable John East

J. Robert Gordon, Laurinburg
Chairman

W. Vernon Bevill, Raleigh
Executive Director

M. Woodrow Price, Gloucester
Vice-Chairman

David L. Allsbrook, Scotland Neck
Cy W. Brame, Jr., North Wilkesboro
Eddie C. Bridges, Greensboro
Joe Carpenter, Jr., Fayetteville

Polie Q. Cloninger, Jr., Dallas
Steve Curtis, Shelby
Foyle Hightower, Jr., Waxhaw
Henry (Buck) Kitchin, Rockingham

Dan Robinson, Cullowhee
Joseph E. Thomas, Vanceboro
Jerry W. Wright, Jarvisburg

WILDLIFE CONSERVATION COMMISSION

DOYLE BURKE, CHAIRMAN — JOHN D. GROENDYKE, MEMBER
ROY BOECHER, VICE CHAIRMAN — JUD LITTLE, MEMBER
DON R. GREENHAW, SECRETARY — BOB MATTHEWS, MEMBER
ELLIS HOLLY, MEMBER — L. B. SELMAN, MEMBER

STEVEN ALAN LEWIS, DIRECTOR
GARLAND FLETCHER, ASSISTANT DIRECTOR

DEPARTMENT OF WILDLIFE CONSERVATION

1801 N. LINCOLN — P.O. BOX 53465 — OKLAHOMA CITY, OK 73105 — PH. 521-3851

October 22, 1981

The Honorable Robert T. Staffort
Chairman of Senate Environment and
Public Works Committee
Room 5219 Dirksen Office Building
Washington D. C. 20510

Dear Senator Staffort:

The Oklahoma Department of Wildlife Conservation is very pleased with President Reagan's nomination of Mr. Robert Jantzen for Director of the U. S. Fish and Wildlife Service.

Mr. Jantzen has the broad based support of state fish and wildlife agencies and their association, including Oklahoma.

Our support of Mr. Jantzen is based on his track record and a confident feeling that he will bridge the many gaps between Federal and State Programs to the satisfaction of all.

Your strong consideration of Mr. Jantzen is appreciated by all concerned and confirmation would be a great step forward.

Sincerely,

Steven Alan Lewis
Director

cc: Members of Senate Environment and
Public Works Committee

TROUT UNLIMITED

ROBERT L. HERBST
Executive Director

October 22, 1981

The Honorable Robert T. Stafford
Chairman, Environment and
Public Works Committee
5219 Dirksen Senate Office Building
Washington DC 20510

Dear Senator Stafford:

It is a pleasure to write you today in support of the nomination of Robert A. Jantzen for Director of the U.S. Fish and Wildlife Service. We have reviewed Mr. Jantzen's resume and are pleased to support him as a long-time wildlife professional and an administrator.

Trout Unlimited looks forward to working with Mr. Jantzen.

Senator Stafford, thank you for your current and continued consideration of Trout Unlimited's concerns.

Sincerely,

Robert L. Herbst
Executive Director

RLH:sk

STATEMENT OF THE HON. MORRIS K. UDALL
BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
ON THE
NOMINATION OF MR. BOB JANTZEN
AS
DIRECTOR, U.S. FISH AND WILDLIFE SERVICE

Tuesday, October 27, 1981

Mr. Chairman, it is a pleasure to offer this testimony on behalf of the nomination of Bob Jantzen as director of the U.S. Fish and Wildlife Service. As we all know, this is a sensitive position that calls for someone with a strong background both in science, on-the-ground management and administration. I believe Bob Jantzen is well qualified in all these areas.

He was director of the Arizona Game and Fish Department for nearly 13 years. Although many think of Arizona as a barren "desert," my state is one of the richest in America in its diversity of environments and wildlife. Much of Arizona's wildlife is, unfortunately, threatened by the usual array of pressures. Bob Jantzen has worked skillfully to provide protection for Arizona's wildlife without unduly restricting the rights and privileges of the users of the public lands. I think he recognizes the validity of a wide variety of land use tools to both protect and preserve the natural resources we cherish, while also making them available when appropriate to hunters, recreationists, commercial interests and others.

Under his direction, Arizona Fish and Game has sponsored innovative wildlife introduction programs. Most prominent among these has been a highly successful effort to introduce bighorn sheep into the Four Peaks area of the Tonto National Forest and the Gailuro Mountains of the Coronado National Forest in my district. We need more efforts like this.

His department also recognized the uniqueness and the fragility of the riparian habitats of Arizona and has supported studies and other measures designed to enhance and promote their preservation.

Above all, he is a solid professional. He is a fine biologist which gives him the scientific grounding necessary to make the difficult decisions any Fish and Wildlife Service Director will face. He is held in very high regard by his colleagues and his extensive involvement in groups such as the Western Association of Fish and Wildlife Agencies, the National Waterfowl Council and the Pacific Flyway Council speak of his ability to bring to this job not just the important experience of state fish and game director, but also a national perspective.

The fact that he has served as chairman or president of these and other professional organizations indicate that wildlife managers think highly of him. In Arizona, he literally rose through the ranks of his department before becoming its director in 1968.

While director, he was a firm supporter of maintaining a research arm of the Arizona Game and Fish Department. This reflects Bob Jantzen's commitment to the notion that fish and wildlife management decisions need to be made on a scientific and orderly basis. I think this commitment will serve the U.S. Fish and Wildlife Service well.

As Fish and Wildlife Service Director, Bob Jantzen will face many tough tasks in the years ahead. Federal efforts are critical in the promotion of fish and wildlife research and conservation, the fish hatchery system and habitat protection, yet they face a difficult and dangerous period of tightly

constricted budgets. Progress in the controversial areas of predator control and endangered species protection must be maintained. Management of our national wildlife refuge system in a time of limited funds and increasing external threats to the integrity of refuge resources will require skillful and imaginative leadership.

I think Bob Jantzen has the professional capabilities and personal character necessary to meet these challenges and I firmly support his confirmation as director of the U.S. Fish and Wildlife Service.

THE WILDLIFE LEGISLATIVE FUND OF AMERICA
To protect the Heritage of the American Sportsman to hunt, to fish and to trap.

1050 Seventeenth St., N.W.
Washington, D.C. 20036
202/466-4407

STATEMENT OF THE WILDLIFE LEGISLATIVE FUND OF AMERICA
IN SUPPORT OF THE NOMINATION OF ROBERT JANTZEN TO BE DIRECTOR OF
THE UNITED STATES FISH AND WILDLIFE SERVICE

Mr. Chairman, I am Randal Bowman, Director of Federal Relations for the Wildlife Legislative Fund of America. The Legislative Fund and its companion organization, the Wildlife Conservation Fund of America, are dedicated to protecting sportsmen's rights and scientific wildlife management programs.

From this perspective we strongly urge the prompt confirmation of Robert Jantzen as Director of the Fish and Wildlife Service.

Mr. Jantzen has a long and distinguished career in wildlife management. He has been director of the Game and Fish Department of the State of Arizona since 1968, and has served with the Department since 1953. He has been selected by his fellow state wildlife commissioners to hold a variety of offices in the International Association of Fish and Wildlife Agencies, including President of the Association. He has been active in the Wildlife Society, the professional association of wildlife biologists, and has served on a wide variety of federal and state advisory committees.

A successful wildlife management program in our Federal system is in a large part dependent upon the close working relations between the Fish and Wildlife Service and the state wildlife agencies.

As a former President of the International Association of Fish and Wildlife Agencies, Robert Jantzen is very familiar with the needs of all the states. At the same time, he has had a broad exposure to the Federal wildlife programs and should be able to provide effective leadership to the Fish and Wildlife Service from the day of his confirmation.

The Wildlife Legislative Fund of America hopes the Committee and the Senate will act rapidly to confirm him.

THE WILDLIFE SOCIETY
5410 Grosvenor Lane · Bethesda, MD 20814 · Tel. (301) TWS-9770

Richard N. Denney
Executive Director
Harry E. Hodgdon
Field Director

26 October 1981

The Honorable Robert T. Stafford, Chairman
Committee on Environment and Public Works
U.S. Senate
Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Stafford:

The Wildlife Society is a professional, nonprofit organization, dedicated to the wise management and conservation of wildlife resources and their habitats. Ecology is the primary scientific discipline of the wildlife profession, and therefore the interests of the Society embrace the interactions of all organisms with their natural environments. The Society recognizes that humans, as other organisms, have a total dependency upon the environment. The principal objectives of the Society's professional membership are to develop and promote sound stewardship of wildlife resources and of the environments upon which wildlife and humans depend; to undertake an active role in preventing human-induced environmental degradation; to increase awareness and appreciation of wildlife values; and to seek the highest standards in all activities of the wildlife profession.

The Wildlife Society strongly endorses and supports confirmation of Robert A. Jantzen as the Director of the U.S. Fish and Wildlife Service. We have long supported the appointment of natural resource professionals to leadership positions of state and federal natural resource agencies, and commend Secretary Watt and the Reagan Administration for appointing a professional fish and wildlife manager as Director of the Fish and Wildlife Service, U.S. Department of the Interior.

I am sure that, as Chairman of the Committee on Environment and Public Works, you are well aware of Mr. Jantzen's credentials and background. Public Law 93-271 requires that the Director be knowledgeable in the principles of fisheries and wildlife management by reason of scientific education and experience. In the professional judgment of The Wildlife Society, Mr. Jantzen has the requisite education, knowledge, and experience for this position via 28 years of professional wildlife experience with the Arizona Game and Fish Department, including more than 12 years as Director. In addition, he has been active in the International Association of Fish and Wildlife Agencies and the Western Association of Fish and Wildlife Agencies, serving as President of both organizations. Mr. Jantzen has been active in his professional organization, The Wildlife Society, at the state, regional, and international levels.

The Honorable Robert T. Stafford
Committee on Environment and Public Works
26 October 1981
Page 2

The Wildlife Society has no reservation about Mr. Jantzen's qualifications for the position and his ability to act in a professional manner in behalf of sound natural resource management.

On behalf of The Wildlife Society, we respectfully request that Robert A. Jantzen be confirmed as Director, U.S. Fish and Wildlife Service, Department of the Interior, and that this letter be entered into the hearing records.

Thank you very much for this opportunity to present the views of the Society representing wildlife professionals.

Sincerely,

Harry E. Hodgdon

Harry E. Hodgdon
Field Director

HH:mm

CARLOS C. CAMPBELL

Of

Reston, Virginia

Nominee for the Position of

Assistant Secretary of Commerce for Economic Development

PRIVATE

Mr. Campbell was born in Harlem, New York in 1937 and has over 22 years of combined experience in Business, Government and the Military.

His business experience includes Control Data Corporation (CEIR, Inc.); Howard Needles Tammen and Bergendoff; The Corporation for Community Development; Mclean Savings and Loan Association; and International Business Services, Inc. Consulting assignments have focused on management, financing, business development, community and economic development to corporations, national public interest groups, Federal, State and local governments.

GOVERNMENT

Mr. Campbell was a Special Assistant at the U. S. Department of Housing and Urban Development during the Administration of President Nixon and Deputy Assistant Administrator, American Revolution Bicentennial Administration, during the Administration of President Ford.

MILITARY

Commissioned, Ensign, USNR via OCS, Newport , R.I., 1959, he served nine years active duty and attained the rank of Lieutenant Commander. He was an Air Intelligence and Flight Officer with Pacific Area Patrol Squadrons; an Intelligence Analyst with the Defense Intelligence Agency, and a Military Construction Program Officer and Facilities Planner with the Naval Air Systems Command Headquarters. In 1968, he was awarded the Secretary of Navy Achievement Medal.

CIVIC

His Civic duties include former positions as Commissioner, Northern Virginia Regional Planning District Commission (1980-81); American Society of Planning Officials (Board of Directors 1973-74); American Institute of Planners; American Council on International Sports (Vice-President/Board of Directors 1978-1980); World Future Society (Chairman, Panel on City and Regional Planning, General Assembly 1975); and the International New Towns Association.

EDUCATION

Mr. Campbell is a graduate of Michigan State University (B.S. Building Construction '59); the U.S. Naval Post Graduate School (Diploma, Engineering Science '65) and Catholic University (Master, City and Regional Planning '68).

OTHER ACCOMPLISHMENTS

Mr. Campbell is the author of "New Towns: Another Way to Live" (Foreword by Harvey Cox/Epilogue by Margaret Mead), a 1976 Book-of-the-Month Club Selection, and numerous articles published in professional journals, magazines, and newspapers.

Mr. Campbell was an Adjunct Professor on the Graduate School Faculty, Virginia Polytechnic Institute and State University (Summer '74). He has lectured at the Athens Center of Ekistics, Athens, Greece; The International Design Conference, Aspen, Colorado; Dartmouth College; Harvard University; University of Rhode Island; Columbia University; The University of Texas; and numerous other colleges and universities throughout the Nation.

Date: October 21, 1981

November 2, 1981

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr Chairman:

Your letter of October 28, 1981 asked for my response to questions which were not posed at my confirmation hearing because of time constraints. I respectfully submit the attached reponse to the committee's questions.

I hope this information is helpful.

All the questions have been answered to the best of my ability given the information available.

Sincerely,

Carlos C. Campbell
Assistant Secretary-Delegate
for Economic Development

Attachments

Budget

1. Question: Let us assume for the moment that Congress appropriates $226 million for this fiscal year, which is the level contained in the Senate Appropriations Subcommittee's bill at this point. Has the Administration anticipated this possibility? Will you obligate these funds, or will the President instead propose a deferral or rescission for some or all funds above his requested budget of $44 million?

   Answer: Yes, the Administration has anticipated this possibility. EDA will comply with the law. The President's options are entirely open with respect to proposing a deferral or rescission request. I respectfully suggest that it would be inappropriate to anticipate the President exercising his prerogatives particularly since his decisions will take into account the existing economic conditions at the time.

Budget

2. Question: The Omnibus Reconciliation Act requires that in obligating fiscal year 1982 funds, priority should be given to projects that have already received some consideration by the EDA, before funding entirely new projects. Have you developed a list that identifies projects now in EDA's so-called pipeline? Could one be supplied to the Committee, with some indication of a schedule for their consideration? Have you developed a management plan yet that will implement this requirement?

Answer: EDA has a pipeline of 138 authorized Title I and Title IX LTED project applications totaling $88,256,000. A list of these projects is attached. The list is organized by EDA Regional Office and shows project location, applicant, and a brief description.

Your attention is respectfully invited to the fact that these applications still must undergo processing. It is possible that some of these projects will not be approved for legal or technical reasons or because the applicants no longer have funds available for "matching shares." It is also possible that some of the dollar amounts may change during the review process.

In addition to the authorized projects, EDA has additional requests for funds which include active profiles, overrun requests, and phased projects. The tentative listing of these projects totals approximately $241,000,000. EDA is currently reviewing these projects and would expect to have a complete list available shortly. No application has been authorized for any of these additional requests. Because of the different systems used in our six regional offices, in some cases these additional requests have undergone a preliminary screening while in other cases they were merely received without being screened. It is likely that many of these projects could not be considered for funding for a variety of reasons including the quality of the project itself, the level of community interest and support, its location or various legal and technical reasons. Additionally, there are a few business loan and Title IX SSED projects which have been under consideration. A listing of these projects will also be available shortly.

In addition to the authorized projects and the additional requests, there are a number of profiles which had been submitted to the Economic Development Representatives. Because of their very preliminary nature and the fact that they were not submitted to the regional offices, we do not consider these part of a "pipeline."

Business Development

1. Question: The press reported the results of an anaylsis done for the Agency which characterizes 40 percent of EDA's business loan and loan guarantee portfolio as being in "distress", ranging from serious delinquency to liquidation.

   What is the potential liability to the Federal government that arises from this situation? What is being done to correct it? Is the situation as alarming as the reports indicate, or is there a question of defining terms, such as "default?" How does the present situation compare with the condition of EDA's loan portfolios in earlier time periods? Is the 40% default situation far worse that the historical situation or about what can be expected in the current economic climate?

   Answer: Potential Liability - In a worst case situation, the potential loss could be the full $427 million in projects which, at the time the report was prepared, were characterized as delinquent in payments. However, it is of course unlikely that all of the delinquent loans and loan guarantees will go bad. It is our estimate that excluding two major projects (Seatrain and Wisconsin Steel), approximately $150 to $200 million could be charged off over the next three years. Because of ongoing negotiations involving Seatrain and Wisconsin Steel, which together represent EDA exposure in excess of $130 million, it is not possible to estimate the prospects for loss/recovery on these projects at that time.

   Corrective Actions - Effective management of the EDA busines loan portfolio has been made the Agency's top priority. Recently, EDA was fortunate in gaining the appointment of Charles Warner as Deputy Assistant Secretary/ED. Mr. Warner has an extensive background in private sector finance and the major focus of his duties will be on the business loan program. In addition, we have brought into Headquarters one of the top persons in the agency to manage the Office of Business Loans. Debt collection procedures are being strengthened and intensified loan monitoring programs have been started. Improvements to the mangement information system will support our efforts to reduce the number of delinquent projects and minimize any loss to the Federal government.

   State of the Portfolio - The situation is generally described in the Alexander Grant report with approximately 40% of EDA's portfolio in a delinquent status. It should be noted, however, that the Grant report breaks down the delinquent projects into several categories which reflect the project's degree of distress based on its payment history. The rate of recovery will vary between categories and should correspond to the degree of distress reflected by each such category.

   Historical Comparison - Measured by the number of loans and loan guarantees classified as either in special servicing (work out situations) or liquidation, the present conditions of the EDA portfolio is worse than in earlier time periods. Loans and loan guarantees moving to these classifications have increased at a rate considerably higher than the overall growth of EDA's total loan and loan guarantees portfolio.

We have not yet developed a management plan for implementing this requirement of the Omnibus Reconciliation Act. As recently as October 29 and 30 we had meetings with our top Washington staff and our regional directors to address this and other important policy issues.

We clearly will not be able to develop any final management plans until we know the final actions of the Congress. In the interim, we are refining our data on these projects and reviewing our policies and procedures.

Business Development

2. Question: Has the special steel loan guarantee program contributed in any important way to the EDA's current problems with the business assistance portfolio? Has the agency conducted any evaluations of this program and the effect on the viability and competitive strength of the steel industry?

Answer: The special steel loan guarantee program represents a significant factor in EDA's portfolio. EDA's guarantees of steel loans under that program constitute $253,483,000 or over 45 percent of the $553,551,000 in total guarantees outstanding and acquired as of June 30, 1981. According to the final draft of the EDA Portfolio Financial Viability Study conducted by Alexander Grant and Company:

"The steel program has introduced a number of biases into the data:

- Each of the steel projects is huge by EDA loan standards.

- At this time, about 81 percent of the steel guarantees are classified as . . . current. The other 19 percent (Wisconsin Steel) is in liquidation.

- Looking at the portfolio without the steel loan guarantees increases the percent of problem loans to 46 percent.

- Should one or more steel loans become problems, the proportion of problem loans overall could exceed 50 percent."

To date there has been no EDA evaluation of the steel loan program, and no analysis of its effect on the industry's viability and competitive strength.

Business Development

3. Question: Section 203 of the Public Works and Economic Development Act established a revolving fund which is available to support the purposes of the Title II business development program. The special steel loan guarantee program initiated in 1978 by the previous Administration was backed by a reservation out of this account. This year, the Appropriations Committee again seems to be utilizing the revolving fund for not only the direct loan program, but for a sizeable portion of the agency's salaries and expense appropriation.

What is your view of how the economic development revolving fund should be used, if at all? Are there any special considerations in relying on the Section 203 fund? Does it have a different impact on Federal spending from directly appropriating new budget authority?

Answer: Given the condition of the EDA loan portfolio and the need to respond quickly to defaults, I respectfully suggest that use of funds beyond this purpose should be limited. The principal considerations affecting the Revolving Fund are the amount, the potential for and level of defaults, and the need for timely responses.

Given the care and protection of collateral requirements and potential defaults which may have to be paid off during fiscal year 1982, the revolving fund is dangerously low. Any further reduction in the revolving fund margin could seriously jeopardize the government's ability to meet legal requirements to cover defaults within mandatory time limits. Moreover, the inability of EDA to respond in a timely fashion could embarrass the government and raise serious questions about the "integrity" of Federal loan guarantees.

Accordingly, the Revolving Fund should be used only for the purchase of defaulted guaranteed loans, the payment of liquidation expenses and costs of care and protection of collateral. These payments relate to previously approved activities and are uncontrollable to a large degree. It is essential that maximum reserves be retained for these limited purposes.

The use of the Revolving Fund as opposed to FY 82 appropriated funds for new program activities would not result in any real reduction in Federal expenditures. Obligations and disbursements would occur in the same manner and in the same time frame whether funding is from direct appropriations or from the unobligated balances in the Revolving Fund.

EDA Management and Personnel

1. Question: In September, The Economic Development Administration experienced a sizeable reduction-in-force. Could you explain how these reductions affected different divisions within the agency (regions and headquarters), and provide your management rationale for the cuts?

   Answer: On September 11, 1981, Assistant Secretary for Administration, Arlene Triplett, sent a letter to the Chairmen of the Appropriations Committees notifying them of the reorganization plans for the Economic Development Administration. A copy of that letter is attached.

   The major factors which influenced the reorganization structure and the staffing levels were set forth in the Omnibus Reconciliation Act. The organization structure reflects the authorized program levels in the Act and the need to monitor previously approved projects. The new organization provides for effective monitoring and close-out of ongoing projects and for business-like management of the Agency's loan and guarantee portfolio.

   As stated in the September 11 letter, the headquarter reorganization went into effect on September 29. The regional office reorganization had to be postponed and is now scheduled to be effected on November 20, 1981. This postponement was necessary because the continuing resolution required the retention of the Economic Development Representatives. This requirement coupled with the need to keep salaries and expenses within the $25 million budget for administrative expenses has necessitated modifications to the previously planned staffing patterns in the regional offices.

   EDA is currently reevaluating and adjusting the staffing distribution in the regional offices in order to provide for the retention of the EDRs and absorb the considerable additional FY 82 S&E costs incurred because of the delay in effecting regional RIFs. It is expected that the new regional office organizational structure will be similar to that described in the September 11 letter to the Appropriations Committee, except, of course, for the retention of the EDRs.

   Based on our operating experience of the first quarter of FY 82, further reorganization actions may be proposed. When any such decisions are made, as appropriate, a reorganization proposal will be submitted to the Appropriations Committes of the House and Senate, the Senate's Committee on Environment and Public Works and the House Committee on Public Works and Transportation.

SEP 11 1981

IDENTICAL LETTER SENT TO SMITH

Honorable Mark O. Hatfield
Chairman, Committee on
Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to advise you of a reorganization planned for the Economic Development Administration (EDA) and the transfer of the functions and personnel related to the Trade Adjustment Assistance (TAA) program to the International Trade Administration (ITA). The transfer of the TAA program to ITA is scheduled for September 20, and the reorganization of EDA will be effective September 30, 1981.

EDA Reorganization

Even though the Administration is still committed to terminating EDA in 1982, we have planned the reorganization around provisions in the Reconciliation Act which authorize $290 million in 1982 for EDA, including $25 million for salaries and expenses, and direct that EDA place a priority on funding projects already submitted or in the final preparation stage for submission by communities.

It is estimated that the $25 million can support a maximum of 471 employees. EDA's new personnel ceiling of 471 employees will be distributed between headquarters and field as follows:

	Professional	Clerical	Total
Headquarters	203	62	265
Regional Offices	162	44	206
Total	365	106	471

In reducing its staffing level to 471 positions, EDA will eliminate all deputy office director positions, all Economic Development Representative positions and all Economic Development Assistant positions. In FY 1982, EDA will not need to devote as much staff time to project development as in the past. The reorganization will focus more on internal management and less on outreach. There will be an increased emphasis on managing the $1 billion loan portfolio as well as increased responsibilities for resolving outstanding audits, improving debt collection and construction management.

approved up to and including September 19, 1981. ITA will establish an Office of Trade Adjustment Assistance headed by a Deputy Assistant Secretary which will consist of three divisions. The Deputy Assistant Secretary for Trade Adjustment Assistance will report to the Assistant Secretary for International Economic Policy.

Even though the Reconciliation Act has continued EDA programs through FY 1982, the Department feels that TAA programs are more appropriately placed in ITA--specifically under the direction of the Assistant Secretary for International Economic Policy. One of the five objectives in this area is dealing with structural adjustment problems. If we are to have the flexibility to forge an effective trade policy, it is essential that we have a credible assistance program for those workers, firms and industries who need help to adjust to changing international trade conditions.

As Deputy Secretary Wright informed you in his letter of August 20, EDA employees have received reduction-in-force (RIF) notices which were necessary to prepare for the reorganization and to reduce the staff in EDA to 471 as of September 29. The 40 positions associated with the transfer of the TAA program to ITA were not included in the RIF process, and the TAA transfer is therefore planned for September 20, prior to the effective RIF date in EDA of September 29.

EDA will provide all budgetary support for TAA in FY 1981. This will include all expenses from September 21 through 30, when TAA is under ITA jurisdiction. In 1982 the President's budget request includes TAA resources in the ITA request. The Senate has not yet acted on this request. The House bill includes $45 million for TAA in ITA's appropriation.

My staff and I are available to answer any questions you may have.

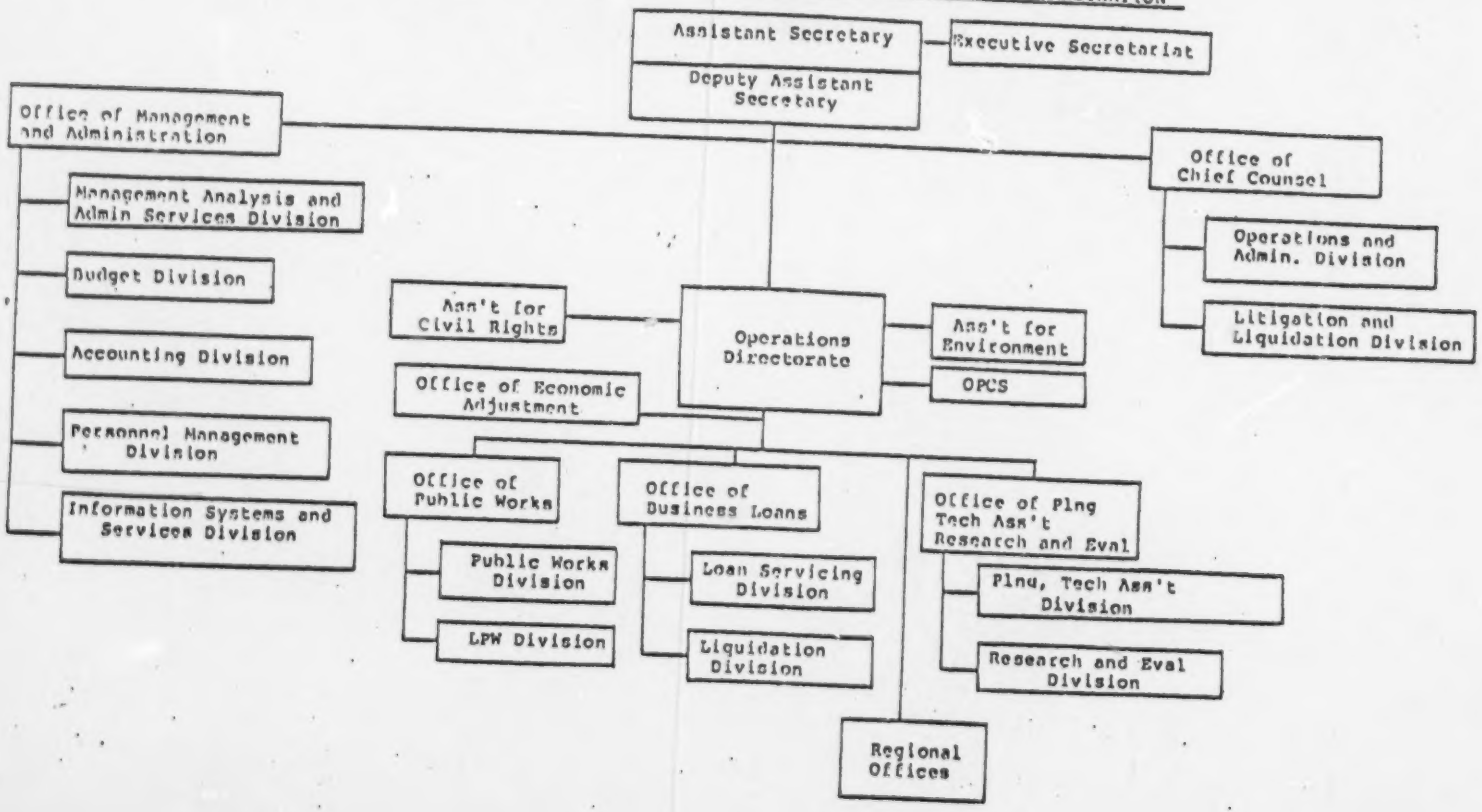
Sincerely,

Original Signed By

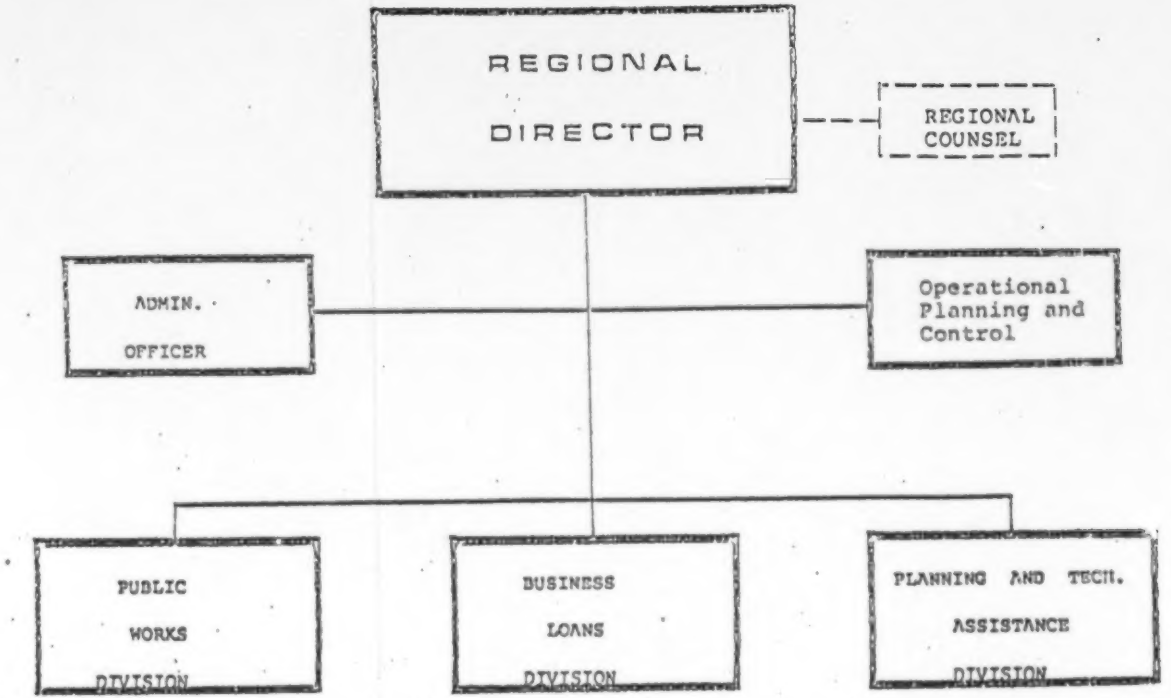
Arlene Triplett
Assistant Secretary
for Administration

Enclosures

PROPOSED ORGANIZATION FOR THE ECONOMIC DEVELOPMENT ADMINISTRATION



EDA REGIONAL OFFICE



Although physically located in the Regional Office, Regional Counsel will report directly to the Chief Counsel

Major changes of the reorganization include:

- o the termination of the following positions:
  - Deputy Assistant Secretary for Economic Development Operations
  - Deputy Assistant Secretary for Economic Development Policy and Planning
  - Deputy Assistant Secretary for Development Finance
- o the termination of the following organizations:
  - the Office of Special Projects
  - the Office of Program Operations
  - the Office of Public Affairs
  - the Office of Congressional Relations
  - the Indian Program staff
- o the establishment of the position of the Director of Operations reporting to the Assistant Secretary who will be responsible for all program operations including the supervision of the Regional Directors
- o the consolidation of the following:
  - Planning and Technical Assistance in both Washington and the Regional Offices
  - the Management Analysis and Office Services Divisions
- o the centralization in Washington of the following functions:
  - project review relating to environment and civil rights issues
  - supervision of legal project review
  - project approval
  - Local Public Works project monitoring
  - Lake Placid project monitoring
  - Title IX economic adjustment
- o the deletion of authority to approve Trade Adjustment Assistance (TAA) projects after transfer of this function from the Assistant Secretary for Economic Development to the Under Secretary for International Trade.

Organization charts for the EDA Washington office and the regional office are enclosed.

Trade Adjustment Assistance (TAA) Transfer

We plan to transfer TAA programs to ITA on September 20, 1981. All TAA program activities which currently exist in EDA will be transferred to ITA; i.e., certification, technical assistance and loan and loan guarantee financial assistance, except that EDA will retain and service the TAA loan and loan guarantee portfolio of projects

Philadelphia Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Stonington, ME	Maine Dept of Trans	Const Fish Pier	820,000
Williamsport, MD	Washington County	Industrial Park Imps	479,420
Hagerstown, MD	Washington County	Const Ind RR Spur	1,146,000
Lowell, MA	City of Lowell	Const Voc Trng Ctr	1,125,000
Stoughton, MA	Stoughton Dev Auth	Industrial Park Imps	700,000
Springfield, MA	City of Springfield	Dev Industrial Park	1,000,000
Boston, MA	Inquilinos Boricuas En Accion (IBA)	Const Multi-purpose Bldg	468,390
Newark, NJ	Community Parents	Dev Industrial Park	1,000,000
Southampton, NY	Suffolk County	Const Fish Pier	550,000
Village of Frankfort, NY	Town of Frankfort	Const Swr System	380,000
Philadelphia, PA	City of Philadelphia	Dev Zoo Heating System	105,760
Bradford, PA	City of Bradford	Const Water System	2,000,000
Ponce Municipio, PR	Dispensario San Antonio	Rehab Industrial Bldg	542,550
Guayama Municipio, PR	FEDA	Dev Agro Industrial Ctr	920,000
Vega Alta Municipio, PR	PRIDCO	Dev Industrial Site	880,000
Guayama Municipio, PR	PR Commercial Dev Corp	Dev Market Place	75,000
Trujillo Alto Munici, PR	PRIDCO	Dev Industrial Site	1,440,000

11/2/81

Philadelphia Regional Office

Project Location	Applicant	Description	EDA $
Vieques Municipio, PR	Asociacion de Pescadores de Vieques	Const Fishing Pier	1,200,000
Stanley, VA	Town of Stanley	Const Water/Sewer Sys	100,000
McMechen, WV	City of McMechen	Const Water System	490,520
Ravenswood, WV	Town of Ravenswood	Const Water Line	900,000
		21 projects	$16,322,640

B. FY 82 Title IX LTED Authorized Projects

Baltimore, MD	Baltimore, City of	Fort Holabird Ind. Pk.	1,500,000
Boston, MA	EDIC	Revolving Loan Fund	900,000
Boston, MA	EDIC	Ind. Park. Imp.	368,000
		3 Projects	2,768,000

Atlanta Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Birmingham, Pinson Valley AL	City of Birmingham	Access Road, W/S to Ind area	560,400
Birmingham, AL	South Central/Rural Urban Dev	Shopping Plaza	1,000,000
Boligee, AL	Greene Co. Ec. Ind & Dev BD	River Front Ind Park	1,500,000
Cullman, AL	City of Cullman	Rail Spur/Ind Site Dev	400,000
Ozark, AL	City of Ozark	Ind Park/W/S, Rd RR	651,000
Perry, AL	Southwestern Ala. Farmers Coop	Gasohol	774,000
Phenix City, AL	City of Phenix City	Water system Improvements	172,050
Phenix City, AL	Small Farm Dev. Corp.	Farm training Center	1,550,000
Bradenton, FL	Mana-Hill Farmers Coop	Farmers Coop Dev and Train	1,995,000
Hernando County, FL	Hernando County	Air Industrial Park	100,000
Suwannee County, FL	Suwannee County Dev Auth	Industrial Park Dev.	192,500
Atlanta, GA	Atlanta/Clayton County	Acc Rd to Airport Ind area	850,000
Decatur, GA	Oakhurst Corp	Street Impr/Bldg. Renov.	400,000
La Grange, GA	City of Lagrange	Ind Park Development	1,226,040
Martinez, GA	County of Columbia	Dev. Industrial area	720,000
Savannah, GA	Savannah/Chatham OIC/GDO	Building to house goodwill/OIC	720,000
Walker County,GA	County of Walker	Wtr syst. exp. & ext ind area	750,000

11/2/81

Atlanta Regional Office

Project Location	Applicant	Description	EDA $
Hickman, KY	Hickman-Fulton Co. RVR	RVR oriented indus park	180,000
Senatobia, MS	NW MS Jr. College	Energy Park/Water/sewer/acc road	852,000
Shelby, MS	City of Shelby	W/S/Acc rd/ RR Spur to Ind Park	961,450
Bennettsville, SC	City of Bennettsville	Water/Plant	1,600,000
		21 Projects	17,154,440

Atlanta Regional Office

B. FY 1982 Title IX LITED Authorized Projects

Project Location	Applicant	Description	EDA $
Tuskegee, AL	S.E. Ala. Self-Help Assn.	Revolving Loan Fund	350,000
Gulfport, MS	Southern Miss. PDD	Revolving Loan Fund	600,000
Durham, NC	UDI/Community Dev. Corp.	Revolving Loan Fund	400,000
		3 projects	$1,350,000

11/2/81

Denver Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Fairfield, IA	Fairfield Econ Dev Asso	Rail Line and Switch	180,000
Caruthersville, MO	Pemiscot County Port Auth	Industrial site Imps	1,500,000
Kansas City, MO	Black Economic Union	Industrial Park	1,000,000
Fredrickton, MO	City of Fredrickton	Truck access/Wtr Sys	903,900
Buffalo, MO	City of Buffalo	Infrastructure for Ind Park	444,500
Mountain Grove, MO	City of Mountain Grove	Rehab Sidewalks	177,536
Bloomfield, MO	Stoddard County Court	County Jail	200,000
Piedmont, MO	City of Piedmont	Water Dist and Fire Protec	240,000
Vienna, MO	Maries County Adm Court	Bldg Weatherization	159,600
Marble Hill, MO	Bollinger County Court	Road and Bridge Work	200,000
Browning, MT	Blackfeet Tribe	Energy Conservation	280,000
Parshall, ND	City of Parshall	Ren/Retrofit City Hall	528,300
Linton, ND	Emmons County Community	Ener Con/3 Pub Serv Bldgs	411,000
Rolla, ND	Rolette County Community	Bldg Weatherization	152,000
Imperial, NE	City of Imperial	250,000 Gal Wtr Stor Fac	195,000
Humboldt, NE	City of Humboldt	Industrial Park Dev	586,608

11/2/81

Denver Regional Office

Project Location	Applicant	Description	EDA $
Lower Brule, SD	Lower Brule Sioux Tribe	Irrigat Sys/Stor Fac	500,000
Wagner, SD	Yankton Sioux Tribe	Irrigat Sys/pumps/etc	700,000
Fort Thompson, SD	Crow Creek Sioux Tribe	Bldg Weatherization	140,000
Springfield, UT	Springville City Corp	Industrial Park Imps	720,000
		20 Projects	$9,218,444

B. FY 82 Title IX LTED Authorized Projects

Project Location	Applicant	Description	EDA $
None			

Chicago Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Marion, IL	City of Marion	Water treatment plt	500,000
Rock Island, IL	Bi-State Metro Pl Comm	Energy PWIP	704,000
Plymouth, IN	City of Plymouth	Industrial Pk	387,000
Richmond, IN	Wayne County OIC	Energy PWIP	732,000
Vermillion County, IN	Vermillion County Comm	Energy PWIP	45,000
Harrison, MI	Mid Mich Comm Coll	Const. educ facils	594,000
Marquette, MI	Marquette Co Bd Comm	Energy PWIP	500,000
Ontonagon, MI	Ontonagon Cty Econ Dev Corp	Shipbuilding Ind Park	2,490,000
Pontiac, MI	City of Pontiac	Energy PWIP	340,000
Alexandria, MN	City of Alexandria	Sew/Wat/Rds	385,000
Slayton, MN	City of Slayton	Sew/Wat/Rds	338,969
Lima, OH	Mem Civ Ctr Trust Bd	Civic Center	1,300,000
Warren, OH	Trumbull County	Sew/Wat/ to Ind/Comm site	900,000
Independence, WI	City of Independence	Energy PWIP	60,800
		14 projects	$9,276,769

B. FY 82 Title IX LTED Authorized Projects

None

11/2/81

Seattle Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Kake, AK	City of Kake	Community Ctr	800,000
Port Lions, AK	City of Port Lyons	Industrial Water Line	485,000
Saxman, AK	City of Saxman	Community Bldg	310,000
Kayenta, AZ	Navajo Nation	Commercial Shop Ctr	1,200,000
Kingman, AZ	Mojave County	Water System	240,240
McNary, AZ	White Mtn Apache Tribe	Ski Area Improvements	459,500
Prescott, AZ	Yavapai-Prescott Ind Trb	Community Bldg Ext	50,000
Second Mesa, AZ	Hopi Tribe	Cultural Center	786,900
Tucson, AZ	Pascua Yaqui Tribe	Community Bldg	222,200
Tucson, AZ	San Xavier Dev Auth	For Trd Zone Site Dev	674,000
Whiteriver, AZ	White Mtn Apache Tribe	Irrigation Syst Imp	478,000
Auburn, CA	City of Auburn	Water/Sewer Line Ext	280,000
Bishop, CA	Bishop Paiute Band of Inds	Shopping Center	1,000,000

11/2/81

Seattle Regional Office

Project Location	Applicant	Description	EDA $
Camarillo, CA	Ventura County	Indust/Comc Imprv	425,000
Lodi, CA	City of Lodi	Storm Drn & Lift Sta	600,000
Lone Pine, CA	Owens Valley Paiute Shoshone	Mobile Home Pk Spaces	141,000
Los Angeles, CA	County of Los Angeles	Water Line/Well/St Imp	1,000,000
Pasadena, CA	City of Pasadena	Downtown Revitalization	500,000
Richmond, CA	City of Richmond	Street Extension	986,000
Sacramento, CA	County of Sacramento	Commcl Area Revitalization	187,500
San Pablo, CA	City of San Pablo	Downtown Revitalization	500,000
Selma, CA	City of Selma	Water/Sewer/Parking	600,000
Tule River Ind Res, CA	Tule River Ind Res	Generating Plant	125,000
Yuba City, CA	Yuba City	Sewer/Water Imp	800,000
Nanakuli, HI	Nanakuli, Hawaii Homesteaders	Cultural Center	750,000
Blackfoot, ID	City of Blackfoot	Water System Imp	1,000,000
Mackay Reservoir, ID	Lost Riv Electric Coop	Low-Head Hydro Plant	1,800,000
Fallon, NV	Fallon Paiute-Shoshone Tribe	Water Storage Tank	200,000
McDermitt, NV	Ft McDermitt Paiute Tribe	Youth/Community Center	200,000
Kennewick, WA	Kennewick, City/Port of	Oak St Industrial Site	611,100
Kingston, WA	Pt Gamble Klallam Tribe	Water/Sewer Imp	250,000
Seattle, WA	Pike Pl Mkt Pres & Dev Auth	Urban Revit Prog Support	600,000

11/2/81

Seattle Regional Office

Project Location	Applicant	Description	EDA $
Sunnyside, WA	Wash. Rural Dev. Enterp	Alcohol Production Plant	315,000
		33 projects	$18,576,440

B. FY 82 Title IX LTED Authorized Projects

Anchorage, AK	Alaska Native Found	Revolving Loan Fund	500,000
Baldwin Park, CA	City of Baldwin Park	Revolving Loan Fund	400,000
Los Angeles, CA	Economic Resources Corp	Staff Support	50,000
Kings County, CA	Kings County EDC	Revolving Loan Fund	330,000
San Bernardino, CA	City of San Bernardino	Revolving Loan Fund	275,000
Superior, CA	Superior Calif. Dev. Council	Revolving Loan Fund	500,000
Los Angeles, CA	Economic Resources Corp.	Revolving Loan Fund	225,000
Coeur d'Alene, ID	Panhandle Area Council	Revolving Loan Fund	350,000
		8 projects	$2,630,000

11/2/81

Austin Regional Office

A. FY 82 Title I Authorized Projects

Project Location	Applicant	Description	EDA $
Portia, AR	City of Portia	Energy Retrofitting	176,000
Eunice, LA	City of Eunice	Cost of Energy Conserv	124,000
Thibodaux, LA	Nicholls St University	Const Alcohol Fuel Plant	200,000
New Orleans, LA	Desire Community Housing	Const Ind Park Improv	1,000,000
New Orleans, LA	City of New Orleans	Constr of Dwyer Road	700,000
Cheneyville, LA	Bayou Bouef Grain Grower	Const Alcohol Fuel Plant	3,000,000
Ponca City, OK	Tonkawa Tribe	Boat Marina	500,000
Muskogee, OK	City of Muskogee	Construct roads/water/	2,491,000
Denison, TX	County of Grayson	Const Airport Terminal	186,000
McAllen, TX	City of McAllen	Foreign Trade Zone, Unit B	225,000
Laredo, TX	City of Laredo	Dev Airport Industrial Park	926,212
Coldspring, TX	San Jacinto Cty Hist Comm	Renovate Historic Jail	220,800
Raymondville, TX	City of Raymondville	Improve Water System	210,000
		13 Projects	9,959,012

B. FY 82 Title IX LTED Authorized Projects

Project Location	Applicant	Description	EDA $
Jonesboro, AR	East Ark. PDD	Revolving Loan Fund	500,000
Batesville, AR	White River PDD	Revolving Loan Fund	500,000
		2 projects	$1,000,000

NATIONAL TOTALS	138 Projects	$88,255,745

11/2/81

EDA Management and Personnel

2. Question: What is the current situation with respect to State Economic Development Representatives, positions which the Administration planned to abolish? Should Congress determine that it is necessary to retain State EDR's, who will fill their positions?

Answer: In compliance with the language of the Continuing Resolution, the Economic Development Representatives (EDRs) have been retained into FY 1982.

The Agency had proposed that these positions be abolished. The primary activity of the EDRs is the identification and development of new projects. Because of the size of the "project pipeline" and the level of funds in the Omnibus Reconciliation Act their function is about 85% obsolete. Even if funds are appropriated for EDA program activities in FY 1982, there would be only a very limited amount of new project development; this workload can be managed more efficiently by the Regional Office staffs.

EDA Management and Personnel

3. Question: If you are faced with operating a program that requires you to obligate funds to new projects, how will you conduct effective analysis of their environmental impacts? As a consequence of the September RIF, I understand that the agency now has only two experienced professionals for this task, and that all environmental review functions have been transferred to headquarters from the regions, where projects are first evaluated. Has the agency decided to stop conducting substantive environmental reviews of projects?

Answer: EDA will continue to conduct substantive environmental reviews of all projects considered for assistance. EDA's environmental review fuctions have been centralized in EDA's headquarters. There are five professionals--only two of whom served in a comparable position immediately prior to EDA's most recent reorganization, but all of whom are qualified for their positions according to personnel criteria and they are fully able to perform the legally required reviews of the environmental impacts of proposed project activities and alternatives.

Planning

1. Question: What, at this point, is the Administration's plan with respect to funding economic development districts, Indian tribes, and urban development institutions that depend at least in part on EDA for financial support in planning and developing projects to support local economic development? Have any of these organizations closed up shop due to the uncertainty of funding from EDA? What are the prospects for alternative funding for development districts and similar organizations? Is EDA making any special effort to be helpful in this regard?

   Answer: EDA used funds appropriated in FY 1981 to finance the economic development planning activities of districts, Indian tribes, states, and cities through December 1981. A few previously funded organizations did not receive these phase-out planning grants because of audit problems, inadequate performance, etc., and it is possible that some of these may have terminated operations altogether. However, no organization that had been previously funded ceased operations for these reasons other than EDA's judgement that it did not merit further planning funds.

   EDA also used a portion of its FY 1981 technical assistance monies to finance projects designed to help EDA planning grantees and other organizations engaged in economic development efforts make their transition from EDA (and other Federal) funding to state, local, and private sector support. Through these projects, such organizations will receive information and advice on how to generate financial and other support from a variety of sources, including revenue producing projects. We are hopeful that these efforts, in conjunction with planning organizations own fund-raising activities, will enable many organizaions to coontinue economic development planning efforts in absence of EDA funding.

   The states have developed a significant economic development capacity. All fifty have Economic Development agencies; ten have development corporations; forty-seven enable their localities to issue industrial revenue bonds; thirty-five have loan guarantee programs; and about forty are actively engaged in export promotions. In addition all fifty states have industrial training programs.

   With regard to our plan for future funding of districts, Indian tribes, and urban institutions, we will, of course, comply with any Congressional mandates concerning funding for such activities if planning monies are available in the final appropriation for FY 1982.

Question by Senator Domenici

Will EDA continue to support the University Centers Program, assuming Congress appropriates funds in excess of the President's budget request?

Answer: EDA will comply with any Congressional mandates concerning funding of the University Centers program. Since both the House and Senate Appropriations Committees have expressed an intent that the Agency use a significant portion of its technical assistance appropriation to support such centers, I would certainly expect to provide funding to centers if technical assistance monies are available in the final appropriation for FY 1982.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

October 30, 1981

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

As requested in your letter of October 28, I am furnishing my answer to Senator Mitchell's question concerning the identity of those other Federal programs aimed at stimulating economic recovery in depressed areas. The enclosed matrix identifies the Federal programs and resources that are presently available to assist communities, organizations and business firms facilitate economic and community development programs in distressed urban and rural areas.

My answers to the other questions set forth in your letter will be submitted to you no later than noon, Monday, November 2, 1981.

I appreciate the courtesies that were extended to me in my appearance before the Committee. I want to take this opportunity to express my thanks to you for facilitating the consideration of my nomination before the full Committee.

Sincerely,

Carlos C. Campbell
Assistant Secretary-Delegate
for Economic Development

Enclosure

FEDERAL PROGRAM RESOURCES AVAILABLE FOR COMMUNITY AND ECONOMIC DEVELOPMENT

Activity	Federal Program	Eligibility Criteria	Eligible Recipients	FY 1981 Appropriation ($000)	FY 1982 Reconciliation Level ($000)
Development Facilities					
o Public Works Grants	EDA - Title I	EDA designated area	State & Local Govts & Non-profits	261,281	150,000*
o Community Block Grants	HUD - CDBG/CDGP(large Cities)	Population, poverty level, housing	Cities in SMSA's over 50,000	3,695,000	3,666,000
o Urban Action Grants	HUD - UDAG	Physical & economic distress	Cities & Urban Counties	675,000	500,000
o Community Facility Loans	FmHA Insured Loans	Rural areas under 10,000	Public bodies & non-profit	260,000	130,000
o Loan Guarantees	HUD - Section 108(large Cities)	Same as for CDBG & UDAG	Units of Local Government	(250,000)	(225,000)
o Community Development Grants	ARC	13 State Appalachian Region	States, Counties, Cities	84,700	50,000*
o Water and Sewer Facility Grants	FmHA	Non-urban areas under 10,000	States, counties, cities and non-profits	750,000	450,000
o Rural Water & Waste Disposal Grants	FmHA	Rural communities under 10,000	States, counties, cities and non-profits	200,000	150,000
Business Financing					
o Business Development loans and Guaranteed loans	EDA-Section 202	EDA designated area	Individuals & private or public corporations	71,115 (163,000)	26,500* (150,000)*
o Business & Industrial Development loans	FmHA - B& I Program	Non-urban areas under 50,000	Private firms	(741,000)	(300,000)
o Business Loans and Guaranteed loans	SBA - Section 7(a)	Size requirements (various)	Small Businesses	367,000	230,000
o Pullution Control Equipment	SBA	Certification from EPA	Small Businesses	(4,518,000) (100,000)	(3,300,000) (250,000)
Technical Assistance, Research, and Planning					
o Technical Assistance	EDA-Section 301	Meet general EDA requirements	State & Loc.Govts. & priv.non-profits	25,599	8,000*
o Planning; District and Indian	EDA-Section 301	EDA designated areas	Econ. Dev. Districts & Indian Tribes		
o Planning;State and Urban	EDA-Section 302	EDA designated areas	State and City Planning units	[24,312]	[25,500]*

o Comprehensive Planning	HUD-Section 701	Meet general HUD requirements	States, Counties, Cities & Regional planning units	17,000	-0-
o Community Planning	HUD-CDBG (Large Cities)	Population, poverty & housing	Cities in SMSA's over 50,000	(Funds included in CDBG/CDGP above)	
o Rural Development Planning	FmHA	Rural Communities under 10,000	State, County, City, regional Planning units	5,000	-0-
Special Economic Development and Adjustment Assistance					
o Development and Implementation Grants	EDA-Title IX	Designated area; satisfy thresholds for actual or threatened economic dislocations	State & Local Governments and non-profits	12,737	33,000*
o Revolving Loan Fund Grants	EDA-Section 204	Long-term economic deterioration	State & Local Governments and non-profits	7,000	-0-

*Administration's FY 1982 Budget as revised in September proposes zero appropriation for these activities.

Non-appropriated loan guarantee authority indicated by ( )

National
Association of
Towns and Townships

October 26, 1981

The Honorable
Robert T. Stafford, Chairman
Senate Committee on Environment
and Public Works
4200 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Stafford:

On behalf of the Board of Directors of the National Association of Towns and Townships (NATaT), which represents local government officials from over 13,000 smaller communities across the country, I am pleased to have this opportunity to comment concerning the confirmation of Carlos Campbell as Assistant Secretary of Commerce for Economic Development.

NATaT's local government members -- most of them representing communities with populations of less than 10,000 -- have long experienced regrettable difficulties in gaining access to federal policy makers. Mr. Campbell has shown himself to be not only willing but eager to learn of the views of NATaT's members. He has an "open door" policy and has paid close personal attention to the concerns of our membership. We are sure that Mr. Campbell has the capability to be a very effective public servant and urge his confirmation.

Sincerely,

Ed Krueger

Ed Krueger
President

EK:jjr
cc: Bailey Guard

FINAL DRAFT

EDA PORTFOLIO FINANCIAL VIABILITY STUDY
CONDUCTED UNDER GRANT 99-10-00002-01

ECONOMIC RESEARCH DIVISION
ECONOMIC DEVELOPMENT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

September 21, 1981

Alexander Grant
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER FIRM
GRANT THORNTON INTERNATIONAL

September 21, 1981

Mr. Hugh Knox
Economic Research Division
Economic Development Administration
U. S. Department of Commerce
Room 6817
14th & Constitution Avenue, N. W.
Washington, D. C. 20230

Reference: EDA Portfolio Financial Viability Study
Conducted Under Grant 99-10-00002-01

Dear Mr. Knox:

Enclosed is our draft final report on the viability of the EDA loan and loan guarantee portfolio.

As you know, in the last week we have made two presentations on our basic findings. The key ingredient in this report is the document we used in the presentations; it is now familiar to key Commerce and EDA personnel, so we have focused the rest of the report on information in that document.

The primary objectives of the study were to determine the value and quality of the EDA loan and loan guarantee protfolio. It is expected that this report will be a working document for those associated with the program. Consequently, it is deliberately brief and does not include explanatory material such as distinctions among the various EDA loan and loan guarantee programs.

The report is in five sections:

I. The Presentation--Analysis of the EDA Loan Portfolio as of June 30, 1981 (dated September 11, 1981)

II. Study Scope and Methodology

III. Key Findings

IV. Some Observations

V. Recommendations

Mr. Hugh Knox September 21, 1981

The report indicates that the overall value of the EDA loan and loan guarantee portfolio is estimated to be $1,062,000,000. This excludes balances carried as "other assets" including those which have some of the characteristics of loan balances; e.g., notes taken on the sale of collateral and prior liens purchased. Based on the quality grading for each loan, about 40% reflect distress, ranging from serious delinquency to a liquidation in process.

During the study, we developed a new loan and loan guarantee data base on EDA's computer facility. We believe proper and timely updating of the data base (along with some refinement) will provide EDA a new and improved source of loan and loan guarantee information. Since developing the figures included in the presentation, we have continued to refine/update the data base. It is a real time system and will be changing somewhat for some time. The figures presented here have changed very little in the aggregate as a result of the refining we are doing.

We have enjoyed continuing our relationship with EDA on this study. Special thanks to Helen Maxwell for her untiring assistance.

Very truly yours,

Alexander Grant & Company

ALEXANDER GRANT & COMPANY

I. ANALYSIS OF THE EDA LOAN PORTFOLIO

Following is a copy of presentation material reviewed with the Deputy Secretary of Commerce, the Assistant Secretary for Economic Development, and a number of key members of their staffs regarding the EDA loan portfolio. It is the focal point of this report. Material in following sections describes how this data was developed and provides interpretations made by the study team.

AN ANALYSIS OF THE EDA LOAN PORTFOLIO AS OF JUNE 30, 1981

ALEXANDER GRANT & COMPANY
SEPTEMBER 11, 1981

EXHIBIT I

CURRENT OVERALL PORTFOLIO SITUATION
(June 30, 1981)

	Value		Projects	
	$ 000	%	#	%
Loans Made (1)	509,439	48	735	80
Guaranteed Loans Acquired (2)	107,737	10	38	4
Guarantees Outstanding (3)	445,814	42	150	16
TOTAL	1,062,990	100	923	100

(1) "Loans Made" are the principal balances outstanding at 6/30/81 on loans made by the government. These include loans made by ARA (EDA's predecessor agency), and loans made by EDA pursuant to the authority of its own enabling legislation, as well as the authority of the Trade Act.

(2) "Guaranteed Loans Acquired" are those loans made by banks and other private lenders, which were purchased by EDA pursuant to its guarantee commitment. The balances at 6/30/81 are those honored guarantees which have not yet been liquidated or otherwise disposed of, and are still carried as balances outstanding.

(3) "Guarantees Outstanding" reflect EDA's contingent liability (usually 90% of the outstanding amount) at 6/30/81 on the guarantees it has issued to banks and other private lenders.

EXHIBIT II

ADDITIONAL "ASSETS" ON EDA BOOKS
(June 30, 1981)

	$ 000	%
Recoverable CPC (1)	6,753	28
Prior Liens Purchased (2)	4,953	21
Due from Sale of Collateral (3)	11,825	50
Capitalized Interest (4)	337	1
TOTAL	23,868	100

(1) "Recoverable CPC" is the amount legally recoverable from borrowers, which EDA has advanced to protect the value of its collateral; i.e., care and protection of collateral. It includes disbursements for such services as security guards, utilities, repairs, and maintenance. As a practical matter little, if any, of the amounts carried at 6/30/81 will ever be collected. They are recorded so as to not lose track of them should there be an opportunity to collect. They are typically written off when a loan has been liquidated.

(2) "Prior Liens Purchased" are loans originally made to EDA borrowers by banks or other private lenders. They have been purchased by EDA because their position with respect to collateral is superior to EDA's, and a judgement has been made that the value of the collateral exceeds the prior lien. EDA purchases such a lien so as control a work-out or liquidation, and maximize its recovery. In terms of their value they are basically collectible as shown.

(3) "Due from Sale of Collateral" represents notes (as opposed to cash) accepted in payment for liquidated collateral. Their collectibility is questionable, but this analysis has not dealt with assessing them.

(4) "Capitalized Interest" represents notes which have been accepted for past due interest on certain loans. In effect the past due interest has been converted to an additional loan. The collectibility of such notes is highly questionable in view of the circumstances which gave rise to their creation.

EXHIBIT III

LOANS MADE
BREAKDOWN BY PROGRAM
(June 30, 1981)

	Value		Projects	
	$ 000	%	#	%
ARA	18,543	4	77	10
EDA	364,759	72	416	57
Trade	126,137	24	242	33
TOTAL	509,439	100	735	100

EXHIBIT IV

GUARANTEES OUTSTANDING BY PROGRAM
(June 30, 1981)

	Value		Projects	
	$ 000	%	#	%
EDA	190,861	43	95	63
Trade	53,651	12	51	34
Steel	201,302	45	4	3
TOTAL	445,814	100	150	100

EXHIBIT V

GUARANTEED LOANS ACQUIRED BY PROGRAM
(as of 6/30/81)

	Value		Projects	
	$000	%	#	%
EDA	32,427	30	20	53
Trade	23,129	21	16	42
Steel	52,181	49	2	5
TOTAL	107,737	100	38	100

PRINCIPAL LOAN BALANCES BY EDA REGION
(June 30, 1981)

	ARA				EDA				Trade				Total			
	Value		Projects		Value		Projects		Value		Projects		Value		Projects	
	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%
Atlantic	6,483	35	24	31	159,344	44	163	39	94,881	75	168	69	260,708	51	355	48
Southeastern	2,398	13	16	22	70,346	19	84	20	9,025	7	20	8	81,769	16	120	16
Rocky Mountain	424	2	5	6	14,183	4	28	7	4,314	3	6	3	18,921	5	39	5
Midwestern	3,116	17	17	22	43,403	12	47	11	6,117	5	13	6	52,636	10	77	11
Western	673	4	7	9	55,728	15	56	14	6,742	6	25	10	63,143	12	88	12
Southwestern	5,449	29	8	10	21,755	6	38	9	5,058	4	10	4	32,262	6	56	8
TOTAL	18,543	100	77	100	364,759	100	416	100	126,137	100	242	100	509,439	100	735	100
Percent by Program of Total		4				71				25				100		

EXHIBIT VI

GUARANTEES OUTSTANDING BY EDA REGION
(June 30, 1981)

	EDA				Trade				Steel				Total			
	Value		Projects		Value		Projects		Value		Projects		Value		Projects	
	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%
Atlantic	128,570	67	41	43	22,139	41	20	39	182,201	91	3	75	332,910	75	64	43
Southeastern	20,895	11	14	15	4,131	8	5	10	19,100	9	1	25	44,126	10	20	13
Rocky Mountain	13,001	7	9	9	2,471	4	2	4					15,472	3	11	7
Midwestern	14,847	8	16	17	5,066	9	8	16					19,913	5	24	16
Western	4,053	2	4	4	1,317	2	2	4					5,370	1	6	4
Southwestern	9,496	5	11	12	18,527	36	14	27					28,023	6	25	17
TOTAL	190,862	100	95	100	53,651	100	51	100	201,301	100	4	100	445,814	100	150	100
Percent by Program of Total		43				12				45				100		

EXHIBIT VII

GUARANTEED LOANS ACQUIRED BY REGION
(June 30, 1981)

	EDA				Trade				Steel				Total			
	Value		Projects		Value		Projects		Value		Projects		Value		Projects	
	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%
Atlantic	13,695	42	9	45	14,180	61	12	75					27,875	26	21	55
Southeastern	3,774	12	3	15									3,774	4	3	8
Rocky Mountain	356	1	1	5	2,374	10	1	6					2,730	3	2	5
Midwestern	6,736	21	3	15	2,882	13	1	6	52,181	100	2	100	61,799	57	6	16
Western	3,661	11	3	15									3,661	3	3	8
Southwestern	4,205	13	1	5	3,693	16	2	13					7,898	7	3	8
TOTAL	32,427	10	20	100	23,129	100	16	100	52,181	100	2	100	107,737	100	38	100
Percent by Program of Total		30				21				49				100		

EXHIBIT VIII

EXHIBIT IX

OUR APPROACH TO DETERMINING QUALITY

CATEGORY	PAYMENT HISTORY
A	Current, no delinquencies for last 3 years or longer
B	Current, no delinquencies in last year (for loans outstanding more than 1 year) or current, no delinquencies since disbursement (for loans outstanding less than 1 year)
C	Current, but with delinquency within last year
D	Delinquent less than 60 days, paying with regularity for last year
E	Delinquent less than 60 days, last 2 payments missed or sporadic payments during last year or delinquent more than 60 days, paying with regularity for last year
F	Delinquent more than 60 days, irregular or no payments during last year
L	In "Liquidation"
S	In "Special Servicing"; handling for loans in some kind of serious trouble; done in Washington not Regional Offices

QUALITY OF OVERALL EXISTING PORTFOLIO
(June 30, 1981)

	Loans Made				Guarantees Outstanding				Guarantees Acquired				Total			
	Value		Projects		Value		Projects		Value		Projects		Value		Projects	
	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%
A	210,427	41	284	39	64,157	14	60	40					274,584	26	344	37
B	70,760	14	107	15	250,726	57	36	24					321,486	30	143	15
C	38,813	8	57	8	999		3	2					39,812	4	60	7
D	20,290	4	28	4	1,103		2	1					21,393	2	30	4
E	9,188	2	18	2	8,412	2	6	4					17,600	2	24	3
F	84,375	16	122	16	9,356	2	10	7					93,731	9	132	14
S	9,252	2	16	2	88,230	20	16	10					97,482	9	32	3
L	66,334	13	103	14	22,831	5	17	11	107,737	100	38	100	196,902	18	158	17
	509,439	100	735	100	445,814	100	150	100	107,737	100	38	100	1,062,990	100	923	100

EXHIBIT X

QUALITY OF ENTIRE PORTFOLIO BY PROGRAM
(June 30, 1981)

	ARA				EDA				Trade				Steel				Total			
	Value		Projects		Value		Projects		Value		Projects		Value		Projects		Value		Projects	
	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%	$000	%	#	%
A	13,659	74	49	65	224,099	37	234	43	36,816	20	61	21					274,584	26	344	37
B	1,148	6	8	10	80,629	13	75	14	38,407	21	56	19	201,302	81	4	67	321,486	30	143	15
C	479	3	6	8	30,617	5	34	6	8,716	5	20	7					39,812	4	60	7
D	821	4	4	5	11,774	2	11	2	8,798	5	15	5					21,393	2	30	4
E					11,498	2	12	2	6,102	3	12	4					17,600	2	24	3
F	209	1	5	6	68,458	11	75	14	25,073	14	52	18					93,731	9	132	14
G					85,176	14	17	3	12,306	7	15	5					97,482	9	32	3
L	2,218	12	5	6	97,734	16	89	16	44,769	25	62	21	52,181	19	2	33	196,902	18	158	17
TOTAL	18,543	100	77	100	609,977	100	547	100	180,987	100	293	100	253,483	100	6	100	1,062,990	100	923	100

EXHIBIT XI

II. STUDY SCOPE AND METHODOLOGY

The study's scope included loans and loan guarantees administered by EDA. Such loans and guarantees were made pursuant to the authorities of Title II of the Public Works and Economic Development Act (PWEDA), the Area Redevelopment Act (ARA), and the Trade Act of 1974. The primary objectives of the study were to estimate the June 30, 1981 value and quality (primarily as represented by repayment history) of the portfolio. The study methodology consequently focused on three areas:

- What are the outstanding loans and loan guarantees?
- What is the current value of each?
- What is the quality of each, i.e., the likelihood it will be paid in full on a timely basis?

At the outset of the study, EDA provided listings which it believed included all loans and loan guarantees. Different approaches were used to verify loan and loan guarantee balances and quality.

EDA's loan accounting system has a reputation for accuracy, in large measure due to years of borrower-initiated audit verifications. This system was used as the key source of loan balance and repayment history. A 5% sample (40 projects) of loan balances was verified with borrowers to test the system's credibility. Only insignificant differences between EDA and borrower records were found.

EDA records of loan guarantees were less complete and accurate. After using a number of approaches to develop a complete list of existing loan guarantees, each lending institution holding what was believed to be an EDA guarantee was called and/or written to verify loan balances and repayment history.

Loan and guarantee quality was determined on the basis of repayment history or EDA jurisdictional responsibility in the case of special servicing and liquidation loans. A set of quality categories was established and assigned to each loan or guarantee depending on repayment history or EDA jurisdiction.

The data developed on balances and quality were entered into a data base separate from other EDA information systems and used to produce the data included in this report.

III. KEY FINDINGS

The exhibit numbers used here refer to specific pages in Section I.

1. EDA's PORTFOLIO INCLUDES SLIGHTLY MORE THAN ONE BILLION DOLLARS IN LOANS AND GUARANTEES

As shown in Exhibit I, as of June 30, 1981, EDA's portfolio had a face value of $1,062,990,000 of which $445,814,000 reflects EDA's contingent liability for guarantees it has issued to other lenders.

Of the $509,439,000 in loans, 72% ($364,759,000) are EDA, while 4% are ARA, and 24% are for the Trade program (Exhibit III). Forty-three percent of the guarantee value is for the EDA program and 45% for the Steel program (Exhibit IV). About 50% of the total of $107,737,000 in guranteed loans acquired is for the Steel program (Exhibit V).

2. REPAYMENT ON ABOUT 40% OF THE OVERALL PORTFOLIO IS DELINQUENT OR HAS STOPPED

Eight categories of loan quality were established (Exhibit IX). The first three (A, B, and C) are considered current; the others indicate loans or guarantees with some degree of repayment difficulty. Forty percent of the portfolio's value, including 37% of the loans, 29% of the guarantees, and all of the guarantees acquired are in the lower five categories (Exhibit X).

3. MOST LIKELY A MINIMUM OF $30 MILLION IN GUARANTEES WILL BE HONORED IN FY 1982

About $130 million in guarantees outstanding are categorized as "D" or lower (Exhibit X); $111 million of these are now in special servicing or liquidation. Based on recent experience, at least 25% of these guarantees will require honoring in 1982. Should the $69 million Seatrain guarantee be honored in 1982, the total guarantees honored could exceed $100 million.

4. CHARGE-OFFS IN FY 1982 MAY RANGE FROM $80 TO $200 MILLION

Over an extended period of time, charge-offs are a function of the amount of loans and guarantees which are not repaid. In any one year, however, charge-offs are a result of:

- EDA's aggressiveness in terminating slow or "no-pays" and beginning the liquidation process

- The number of liquidations completed
- Physical processing of the accounting entries to record such activity

Forty percent (over $427 million) (Exhibit X) of EDA's portfolio is currently in categories D and lower. Depending on how aggressive EDA is in terminating and liquidating loans and honored guarantees, the amount of charge-offs could range from 20 to 50% of the problem loans, amounting to a total chargeoff of $80 million to over $200 million (a detailed study of loans currently in special servicing or liquidation shows that about $102 million should be written off in 1982).

It should be noted that charge-offs have no budgetary implications. Consequently, neither obligation nor outlay authority will be required for loan charge-offs.

5. COST OF CARE AND PROTECTION OF COLLATERAL (CPC) DURING 1982 MOST LIKELY WILL BE $2 TO 5 MILLION

It is expected that about 30 to 40 projects (slightly more than in recent years) will become distressed in 1982, resulting in an estimated CPC cost of $2 to 3 million. Should Wisconsin Steel continue to incur CPC costs during 1982, total CPC could reach $5 million.

6. FY 1982 LOAN PROGRAM ADMINISTRATIVE COSTS ARE EXPECTED TO BE APPROXIMATELY $3.5 MILLION

With its planned staffing configuration, EDA expects to have 64 people devoted to administering the loan and loan guarantee program in FY 1982. Twenty-five (including six secretarial) will be in Washington and 39 (including six secretarial) will be in the regions.

The current version of the EDA's FY 1982 budget is based on an average per-person cost of $55,000 of which $23,000 is direct loan program associated overhead (no agency level support costs, e.g., legal, are included).

Sixty-four people at an average cost of $55,000 will result in total administrative costs for the loan program of about $3,520,000 for FY 1982.

7. IT IS PROBABLE THAT THE GENERAL CONDITION OF THE PORTFOLIO WILL WORSEN BEFORE IT IMPROVES

Loans in distress (particularly significant distress) usually do not improve, and some loans not now exhibiting distress can be expected to experience difficulty in the future, so it is likely that the number of problem loans will increase in the near future. Also, the general condition of the portfolio will probably not average upwards as a result of new projects because of the anticipated low level of new project activity. It is reasonable to project that between 50 and 100 loans not now in a problem category will enter such a category during 1982. And loans becoming seriously troubled could easily range from 40 to 60.

8. REDUCING LOAN BALANCES TO PRESENT VALUES RESULTS IN SIGNIFICANT DISCOUNTS

Annual discounts of 15% and 25% applied to the current face value of loans graded A through F ($433,853,000 - Exhibit X) yield present values which are less than the total current face values by $99,784,000 and $186,991,000 respectively. The 15% rate was selected as an approximation of current Treasury borrowing costs for comparable term debt; the 25% rate is a rough commercial rate which generates a theoretical value which might be made by a purchaser of the portfolio.

IV. SOME OBSERVATIONS

In addition to the key findings in the section above, we note the following about the EDA loan portfolio situation:

- The additional assets (Exhibit II) are soft. Perhaps only 25 to 30% of the $23.9 million is realistically collectible.

- The Steel program has introduced a number of biases into the data:

  - Each of the Steel projects is huge by EDA loan standard.

  - At this time, about 81% of the Steel guarantees are classified as "B": current. The other 19% is in liquidation (Exhibit XI).

  - Looking at the portfolio without the Steel loan guarantees increases the percent of problem loans to 46%.

  - Should one or more Steel loans become problems, the proportion of problem loans overall could exceed 50%.

- On balance, Trade loans are in the worst shape--25% of Trade loans are in liquidation (Exhibit XI).

- Generally, the ARA loans still on the books are seasoned and in the main should be routinely paid out over the next five years (Exhibit XI).

- Atlantic Region loan balances are 51% of the total loans; 75% of Trade loans are in this region (Exhibit VI).

- Seventy-five percent of guarantees are in the Atlantic Region, including 67% of EDA and 91% of Steel loan guarantees (Exhibit VII).

- Because of Wisconsin Steel, 57% of guaranteed loans acquired are in the Midwestern Region (Exhibit VIII).

V. RECOMMENDATIONS

The results of this study point to a number of actions which should be taken by EDA:

- Continue to refine the new data base. It is not a total information system on loans and guarantees at this point and most likely is not absolutely complete. It was intended initially for this study, but can have future usefulness.

- Begin a quick turn-around analysis and implementation of a portfolio information system. This does not need to be a brand new system. It can combine the current loan accounting system for most loan data and the new data base for guarantee data and status codes. The basic purpose is to get good data continuously to EDA managers and technicians.

- Other features to consider in the new reporting system include:

  - Project Officer data
  - Collateral status
  - Accrued interest
  - Other assets
  - An improved way to handle multiple loans to one company

- Proceed with an analysis of the condition of each loan or guarantee, especially the large ones and begin pushing for payment on those which are delinquent. Atlantic Region and Trade loans should receive particular attention.

- Be realistic about repayment possibilities and terminate and/or liquidate those which are not going to be repaid.

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